



Annual Comprehensive Financial Report

Year Ended
September 30, 2025



NRH

City of North Richland Hills, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025



About the Cover

Depicted on the cover you will see the historical pictures taken throughout the years to commemorate this milestone.

The North Richland Hills area was first settled in the 1840s and remained a rural farming and ranching community for more than 100 years. In 1952, Clarence Jones subdivided his 268-acre dairy farm into a suburban neighborhood. In 1953, the new homeowners formed the North Richland Hills Civic League and sought to have the area annexed to Richland Hills, then voted to form their own city when annexation was denied. Although turnout for the election was light, in a vote of 24-23, North Richland Hills was incorporated by just one vote! The Jones Farm, with 182 homes, became the City of North Richland Hills. The community quickly grew as more farmland was developed and by 1960 the town of Smithfield had been annexed to North Richland Hills.

Today, with approximately 73,311 residents, 1,200 businesses and 30 major employers, North Richland Hills is the fourth largest city in Tarrant County. Residents enjoy our welcoming and neighborly atmosphere and family-friendly amenities including a modern public library and recreation center, more than 800 acres of parkland, 30 miles of hike and bike trails, the award-winning Iron Horse Golf Course and NRH2O Family Water Park. Superior schools, a wide range of housing options and convenient access to all the Dallas-Fort Worth region has to offer, make North Richland Hills an outstanding community in which to live, work and play!

Created by: Budget & Research Department

Historical Pictures provided by: Communications Department

Background photo provided by: www.creativemarket.com

CITY OF NORTH RICHLAND HILLS, TEXAS

**Annual Comprehensive Financial Report
Year Ended September 30, 2025**

City Officials

Jack McCarty
Mayor

Cecille Delaney
Place 1

Brianne Goetz
Place 2

Danny Roberts
Place 3

Matt Blake
Place 4

Billy Parks
Place 5

Russ Mitchell
Place 6

Kelvin Deupree
Mayor Pro Tem
Place 7

Paulette Hartman
City Manager

Trudy Lewis
Assistant City Manager

Caroline Waggoner
Assistant City Manager

Rodney Rhoades
Interim Director of Finance

Prepared by: Finance Department

NORTH RICHLAND HILLS

City of Choice

ACKNOWLEDGEMENTS

The Annual Comprehensive Financial Report was prepared by the Department of Finance, Office of Accounting:

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City Manager

Trudy Lewis

Assistant City Manager

Rodney Rhoades

Interim Director of Finance

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Rachel Clements, Grants Specialist

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Special appreciation is given to:

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And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.



CITY OF NORTH RICHLAND HILLS, TEXAS

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CITY OF NORTH RICHLAND HILLS, TEXAS

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Introductory Section





Department of Finance

February 10, 2026

To the Honorable Mayor, City Council Members, City Manager,
and Residents of the City of North Richland Hills, Texas:

We hereby issue the Annual Comprehensive Financial Report of the City of North Richland Hills, Texas (the “City”) for the fiscal year ended September 30, 2025.

This report consists of City management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with generally accepted accounting principles (“GAAP”). Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by the CPA firm of Forvis Mazars, LLP, the City’s independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City’s financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available in the City’s separately issued Single Audit Report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 74,859 for 2025. The City is also home to over 1,200 commercial and industrial businesses. The fourth largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 ("Airport Freeway") traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 1,800 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the Alliance airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Account records for the City's water and sewer utility and other proprietary activities are measured on an accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations, and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; (2) the evaluation of costs and benefits requires estimates and judgments by management; and (3) the preciseness of estimates must be balanced with the timeliness of financial reporting. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds (Promotional, Donations, Special Investigations, Drainage, Parks and Recreation Development, Crime Control District, Gas Development, Public, Educational and Governmental Access Fee, Court Special Revenue and Traffic Safety), Debt Service Funds, Enterprise Funds, and Internal Service Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year and capital project amounts appropriated for the year which are unspent are carried forward to the next fiscal year. Budgetary data for proprietary funds is presented in the Other Supplemental Information section only since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds are allowed by budget ordinance passed by the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and Parks and Recreation Development Corporation, comparisons begin on page 75 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information section of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The City continues to grow as it benefits from its advantageous location in-between downtown Fort Worth, DFW International Airport, and the Alliance Texas Global Logistics Hub. Situated in the high-socioeconomic area of Northeast Tarrant County, the City is the 5th largest of 41 cities in Tarrant County. With a current population of approximately 74,859, it is projected to reach 80,000 residents by 2030.

This past year saw continued expansion in taxable sales, new business ventures, and home starts. Taxable sales in fiscal year 2025 grew by \$85 million over the previous year. This figure is expected to rise further in fiscal year 2026 due to significant business openings. Specifically, the UK-based Merlin Entertainments opened the Peppa Pig Theme Park DFW in March 2025, and Five Star Parks & Attractions opened Malibu Jack's, the largest indoor theme park in Texas in June 2025.

By leveraging its convenient location, the City has now become an entertainment destination. These two new attractions, combined with NRH2O Family Water Park and NYTEX Sports Centre, draw over 1.25 million visitors to North Richland Hills annually. To capitalize on this influx, the City is launching a Destination Marketing program funded by hotel occupancy tax revenues. This program will promote the community and its businesses, ultimately growing and diversifying City revenue streams, in particular sales and property taxes.

North Richland Hills also continues to facilitate residential growth, permitting 90 new single-family homes with an average value exceeding \$600,000, with 558 lots remaining for future development. The City's rate of new home starts remains the highest among Northeast Tarrant County cities.

The local economy maintains a diverse mix of 1,200 brick-and-mortar businesses and 14 primary employers. In fiscal year 2025, the City welcomed 78 office-based businesses occupying 181,300 square feet. The overall office occupancy rate now stands at 85% across 195 properties totaling 2.9 million square feet. Retail growth was equally strong; the City welcomed 39 new businesses occupying 160,000 square feet, driving retail occupancy to a 20-year high of 93% across 5.9 million square feet of space.

Strategic location and attractive standards continue to drive quality development and revitalization. A prime example is City Point, a \$250 million mixed-use redevelopment of a former mall surrounding City Hall. This 52-acre project includes 60,000 square feet of commercial space, approximately 370 single-family homes, and 450 multi-family units. As of November 2025, over 300 homes have been sold, and the first phase of commercial space is nearing completion. A signature restaurant is expected to be announced soon, and construction on a 103-room Homewood Suites by Hilton is slated to begin in Spring 2026. City Point is forecasted for completion by the end of 2027, at which point it will house over 2,500 residents and approximately 20 businesses.

Long-term financial planning

In November 2020, North Richland Hills voters approved a \$49,875,000 bond package for the reconstruction of 27 streets. The 2020 Capital Program Advisory Committee, consisting of 35 residents from across the City, recommended the projects based on several factors that included: existing pavement conditions, traffic volumes, maintenance records, input from citizen surveys, and estimated project costs.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a continuous favorable bond rating. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and City Council priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, support services such as facilities, fleet, and information technology collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of \$3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, the City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management instituted plan changes to address the rising costs in both active employee and retiree health care costs.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet much of its capital replacement needs with the issuance of minimal debt. Over the course of its history, NRH₂O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations. Annual analysis by City management of capital needs could result in the need for debt funding of future attractions and infrastructure improvements if deemed necessary.

Cash management policies and practices

The City currently has a bank depository contract with JP Morgan Chase Bank, N.A. This included depository, safekeeping, and electronic lockbox payment processing. Cash temporarily idle during the year was invested in two public funds investment pools, agency and corporate securities, municipal securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to five years. The weighted average yield for the City's overnight investments on September 30, 2025 was 3.88%, and the weighted average maturity ("WAM") was 363 days.

At fiscal year-end, approximately 32% of the portfolio was invested beyond one year, 6% was invested for one year or less, and the remaining 62% was invested in the overnight market. The City's Investment Advisor is Meeder Public Funds.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of \$150,000 per individual per year, and/or \$10,470,129 in the aggregate for a 12-month period beginning on January 1, 2025. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Full-time City employees contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in the funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents. As of the current fiscal year, there were over 180 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

City's Response to the COVID-19 Pandemic

The City has received both tranches of the American Rescue Plan Act (ARPA) funding totaling \$9,533,205. City management implemented a needs based priority project list to utilize the ARPA funding and all ARPA funds must be fully encumbered by December 2024 and spent by December 2026.

Awards

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the 41st consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Upon approval by the City Council, this report will be submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation award for its 2024 budget document. This was the 33rd consecutive year the City received this award.

Acknowledgments

Timely preparation of this Annual Comprehensive Financial Report was made possible by the dedicated service of the Finance Department, our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Rodney Rhoades", with a stylized, cursive script.

Rodney Rhoades
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Richland Hills
Texas**

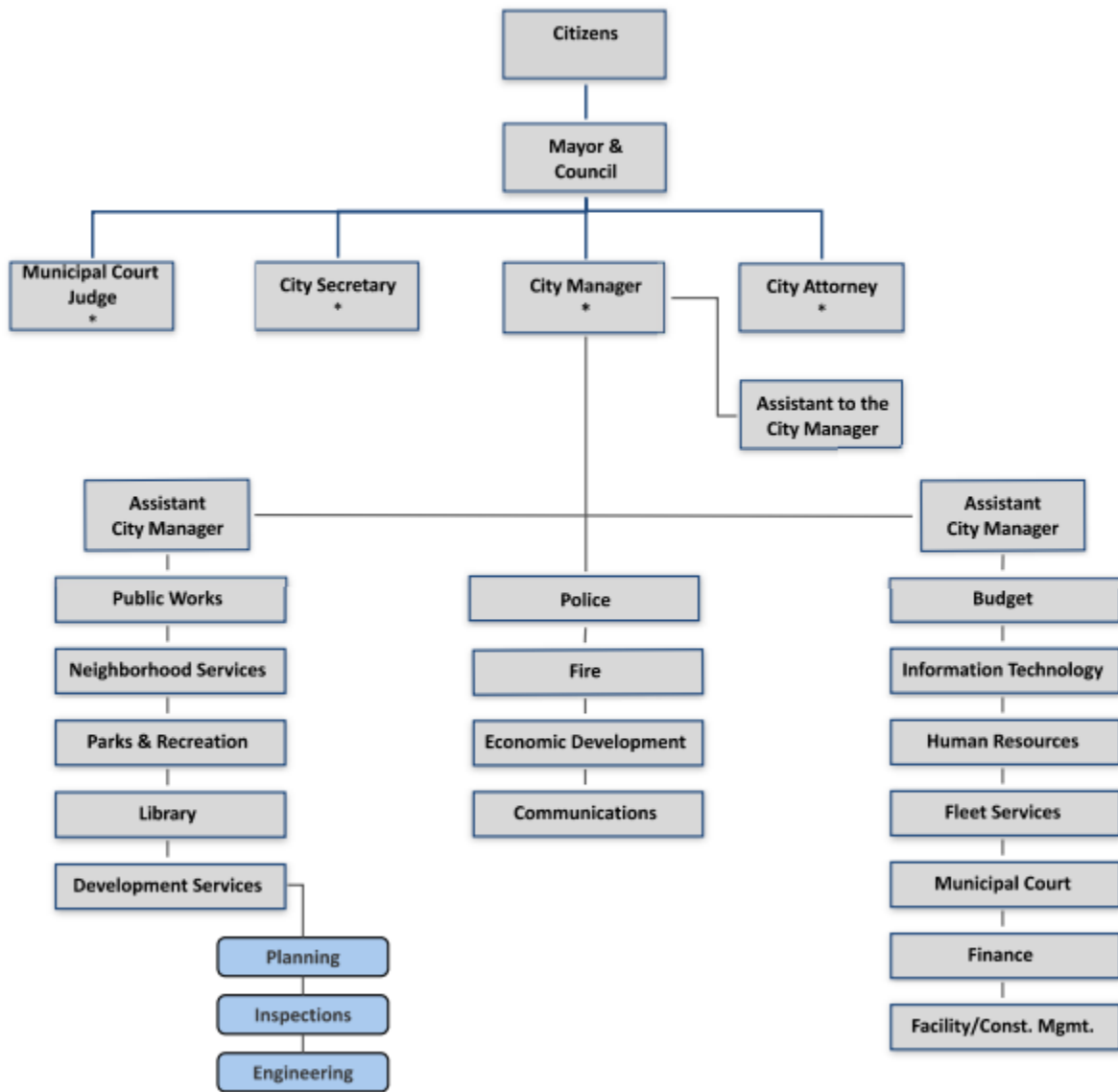
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF NORTH RICHLAND HILLS, TEXAS
ORGANIZATIONAL CHART AS OF SEPTEMBER 30, 2025



CITY OF NORTH RICHLAND HILLS, TEXAS

PRINCIPAL OFFICIALS

September 30, 2025

CITY COUNCIL

MAYOR	JACK MCCARTY
COUNCIL MEMBER, PLACE 1	CECILLE DELANEY
COUNCIL MEMBER, PLACE 2	BRIANNE GOETZ
COUNCIL MEMBER, PLACE 3	DANNY ROBERTS
COUNCIL MEMBER, PLACE 4	MATT BLAKE
COUNCIL MEMBER, PLACE 5	BILLY PARKS
COUNCIL MEMBER, PLACE 6	RUSS MITCHELL
COUNCIL MEMBER, PLACE 7, MAYOR PRO TEM	KELVIN DEUPREE

CITY STAFF

City Manager	Paulette Hartman
Assistant City Manager	Trudy Lewis
Assistant City Manager	Caroline Waggoner
Executive Secretary	Christy Hardy
City Secretary / Chief Governance Officer	Alicia Richardson
Manager of Strategic Initiatives	Jennipher Castellanos
Interim Director of Finance	Rodney Rhoades
Director of Budget and Research	Chasse Fosse
Director of Human Resources	Patrick Hillis
Director of Economic Development.	Craig Hulse
Director of Planning	Cori Reaume
Emergency Management Coordinator.	Raelyn Darnell
Director of Information Technology	Amy Stephens
Municipal Court Administrator.	Rebecca Vinson
Managing Director of Community Development	Stefanie Martinez
Director of Library Services	Cecilia Barham
Police Chief	Jeff Garner
Fire Chief.	Stan Tinney
Director of Public Works	Boe Blakenship
Director of Facilities & Construction	Chris Amarante
Director of Parks & Recreation	Adrien Pekurney



Financial Section



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills, Texas (City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

material misstatement when it exists. The risk of not detecting a material misstatement resulting from omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
February 10, 2026**



CITY OF NORTH RICHLAND HILLS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 17).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2025 by \$447.4 million (net position).
- The City's total net position increased by \$17.0 million in fiscal year 2025 from the beginning net position of \$430.5 million. Additional details of this change may be found beginning on page 19 (Statement of Activities).
- As of September 30, 2025, the City's governmental funds reported combined fund balances of \$121,879,665, which represents a decrease of \$7.6 million in comparison to the prior fiscal year's ending balance.
- Approximately 25.8% of total governmental fund balance, or \$31,391,376, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding fund balance for the General Fund is to maintain a minimum unassigned fund balance to operate the City for a period of 120 days or 33% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,363,528 or 44.6% of General Fund actual expenditures, including transfers out, for 2025. This unassigned balance represents 42.6% of the fiscal year 2026 adopted budget.
- The City's total debt decreased by approximately \$5.6 million during the fiscal year 2025. This is primarily due to the scheduled bond principal payments of \$13.2 million and the issuance of \$5.1 million in Tax and Waterworks and Sewer System Certificates of Obligations ("CO's").

Overview of the Financial Statements

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- Governmental activities - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities - For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found starting on page 17 of the annual comprehensive financial report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains five major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The General Fund, General Capital Projects Fund, General Debt Service Fund, Parks and Recreation Development Fund, and the Grants Fund are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements. Financial statements for the governmental funds can be found starting on page 20 of this report.

- Proprietary funds - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The Utility Fund and Aquatic Park are considered major funds. The Golf Fund is considered a non-major enterprise fund. Financial statements for the enterprise funds can be found starting on page 28 of the report.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was \$447,446,852 as of September 30, 2025. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was \$337,539,429 and business-type activities total net position was \$109,907,423. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of net position – The largest portion of the City's net position (79.2%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, leases, and subscription assets) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2025 and 2024. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands (\$000's)
As of September 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 156,450	\$ 166,460	\$ 64,643	\$ 64,311	\$ 221,093	\$ 230,770
Capital, lease and subscription assets, net	359,433	349,949	92,199	89,937	451,631	439,885
Total Assets	515,883	516,409	156,842	154,248	672,724	670,655
Total Deferred Outflows of Resources	12,223	18,507	1,620	3,519	13,843	22,026
Long-term liabilities	145,675	162,680	38,273	37,173	183,948	199,854
Other liabilities	26,114	30,768	8,683	10,572	34,797	41,340
Total Liabilities	171,789	193,448	46,956	47,745	218,745	241,194
Total Deferred Inflows of Resources	18,778	19,011	1,599	1,993	20,376	21,004
Net Position:						
Net Investments in capital assets	286,066	276,277	68,189	67,554	354,255	343,831
Restricted	25,104	25,715	4,238	6,114	29,343	31,829
Unrestricted	26,369	20,465	37,480	34,361	63,849	54,825
Total Net Position	\$ 337,539	\$ 322,457	\$ 109,907	\$ 108,029	\$ 447,446	\$ 430,485

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statement of activities - Governmental activities increased the City's net position by \$15.1 million in fiscal year 2025, and business-type activities increased net position by \$1.9 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2025 and 2024.

Changes in Net Position Amounts shown in thousands (\$000's) Years Ended September 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 16,290	\$ 14,347	\$ 53,574	\$ 53,872	\$ 69,864	\$ 68,219
Operating grants and contributions	8,097	9,454	33	87	8,130	9,541
Capital grants and contributions	120	3,895	-	-	120	3,895
General revenues:						
Property tax	41,247	39,174	-	-	41,247	39,174
Sales tax	29,656	27,974	-	-	29,656	27,974
Mixed beverage	154	152	-	-	154	152
Franchise taxes	3,826	3,822	-	-	3,826	3,822
Occupancy taxes	431	446	-	-	431	446
Grants not restricted to specific programs	2,334	2,007	-	-	2,334	2,007
Unrestricted investment earnings	6,833	10,502	1,637	2,200	8,470	12,702
Gain on sale of capital assets	190	326	1	4	191	330
Miscellaneous	877	440	142	309	1,019	749
Total Revenue	110,055	112,539	55,387	56,472	165,441	169,012
Expenses:						
General government	22,501	21,009	-	-	22,501	21,009
Public safety	47,017	46,547	-	-	47,017	46,547
Culture and recreation	15,543	15,200	-	-	15,543	15,200
Public works	9,607	9,526	-	-	9,607	9,526
Interest and other fees	3,744	5,390	-	-	3,744	5,390
Utility	-	-	41,186	41,411	41,186	41,411
Aquatic park	-	-	5,460	5,416	5,460	5,416
Golf course	-	-	3,421	3,470	3,421	3,470
Total Expenses	98,412	97,672	50,067	50,297	148,479	147,970
Increase (decrease) in net position before transfers	11,643	14,867	5,319	6,175	16,963	21,042
Transfers between governmental and business-type activities	3,439	4,717	(3,439)	(4,717)	-	-
Net increase (decrease) in net position	15,082	19,584	1,880	1,458	16,962	21,042
Net Position - Beginning of Year	322,457	302,873	108,028	106,570	430,485	409,443
Net Position - End of Year	\$ 337,539	\$ 322,457	\$ 109,907	\$ 108,028	\$ 447,446	\$ 430,485

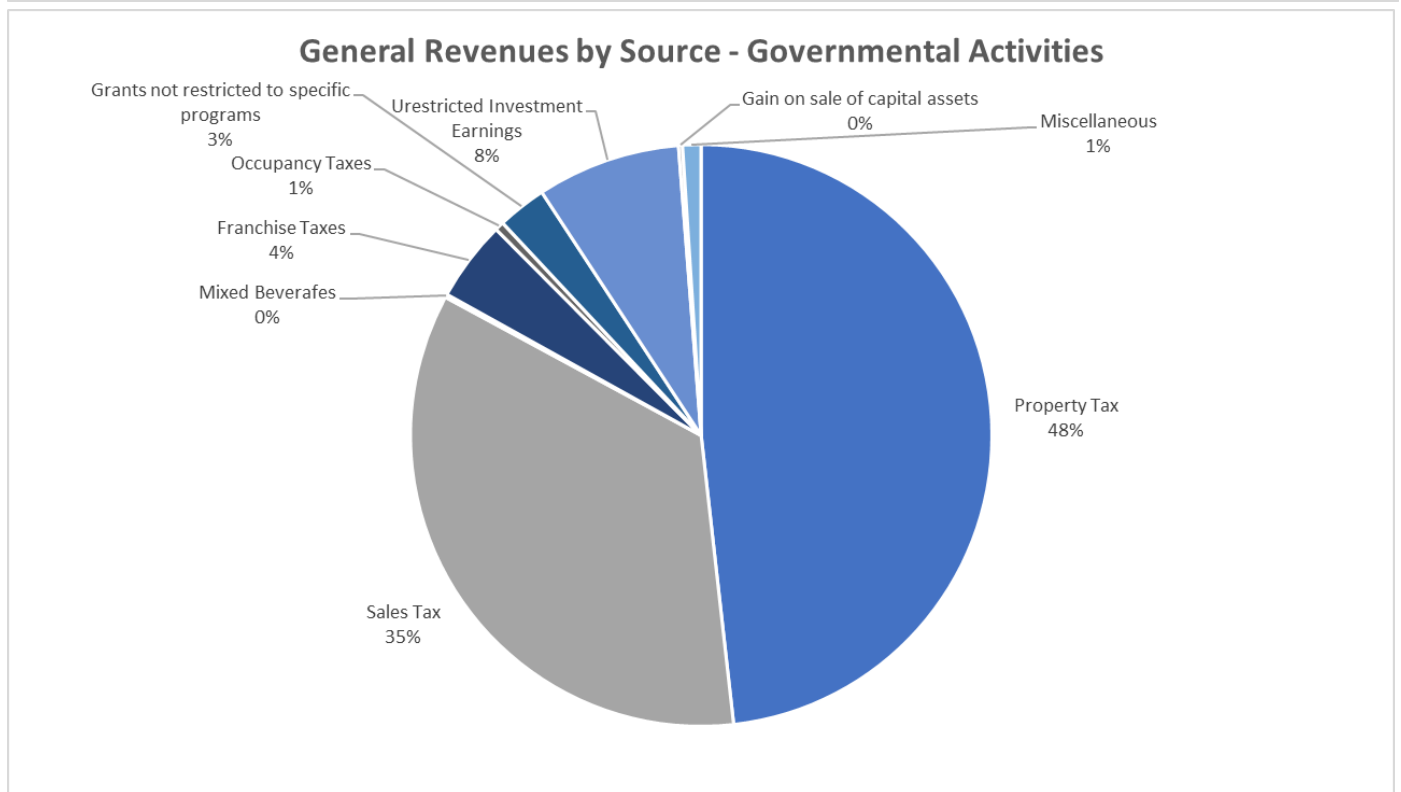
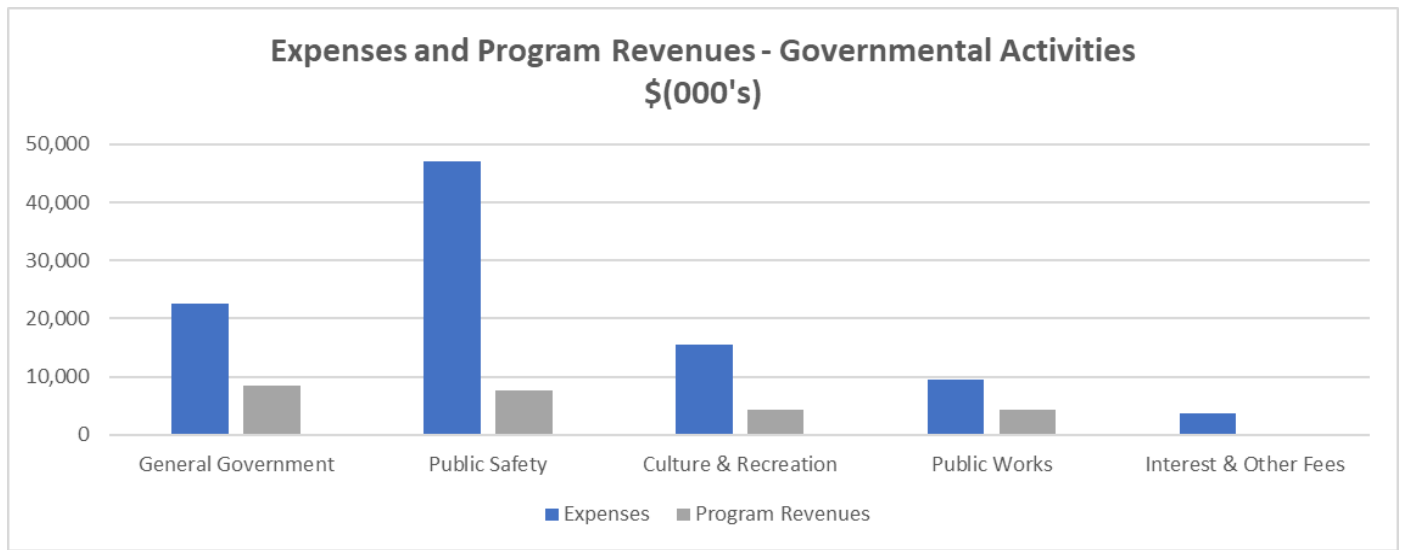
Governmental activities – In comparison to fiscal year 2024, overall assets for Governmental Activities decreased \$526 thousand or (0.1)% in 2025. Capital, lease and subscription assets, net of depreciation/amortization, increased \$9.5 million or 2.7% in 2025. This activity was related to capital improvement projects, specifically improvements and refurbishments to streets and roadways, drainage, sidewalks, and equipment replacements as well as park improvements. Further, refurbishments to the NRH Centre facilities were undertaken as were several technology initiatives. Outstanding debt liabilities decreased by \$8.1 million or 7.31% in 2025. This decrease was due to the annual debt service payment for all other outstanding debt. Total liabilities also decreased due to \$7.1 million decrease in net pension liability and \$0.6 million decrease in net OPEB liability.

Governmental activities increased the City's net position by approximately \$15.1 million in fiscal year 2025. The City had an increase in tax revenues of \$3.7 million during 2025. Property taxes increased \$2.1 million and sales tax increased by \$1.7 million. The property tax rate remained the same at \$0.489389. In fiscal year 2025 the City experienced significant growth in its taxable value base. This increase was the result of changes in existing values as well as additional values from new construction. Sales taxes increased 6.0% as a result of continued gains in online sales due in part to the increases in retail prices from inflation and a continuation of home delivery retail shopping.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fluctuations in the market accounted for a \$3.7 million decrease in investment earnings. Operating and Capital Grants and Contributions decreased approximately \$5.1 million or 38% in fiscal year 2025, as a result of the City receiving developer contributed assets in prior year that did not recur in fiscal year 2025. This decrease was offset by an increase in eligible project expenditures under the North Texas Anti-Gang Center and other Public Safety program activities.

Governmental activities saw a total increase in expenses totaling approximately \$0.7 million or approximately 0.8% above 2024 levels. Pension and OPEB expense decreased over \$1.5 million from prior year due to better market performance during the measurement period. Refer to the fund level financial analysis section for further details.

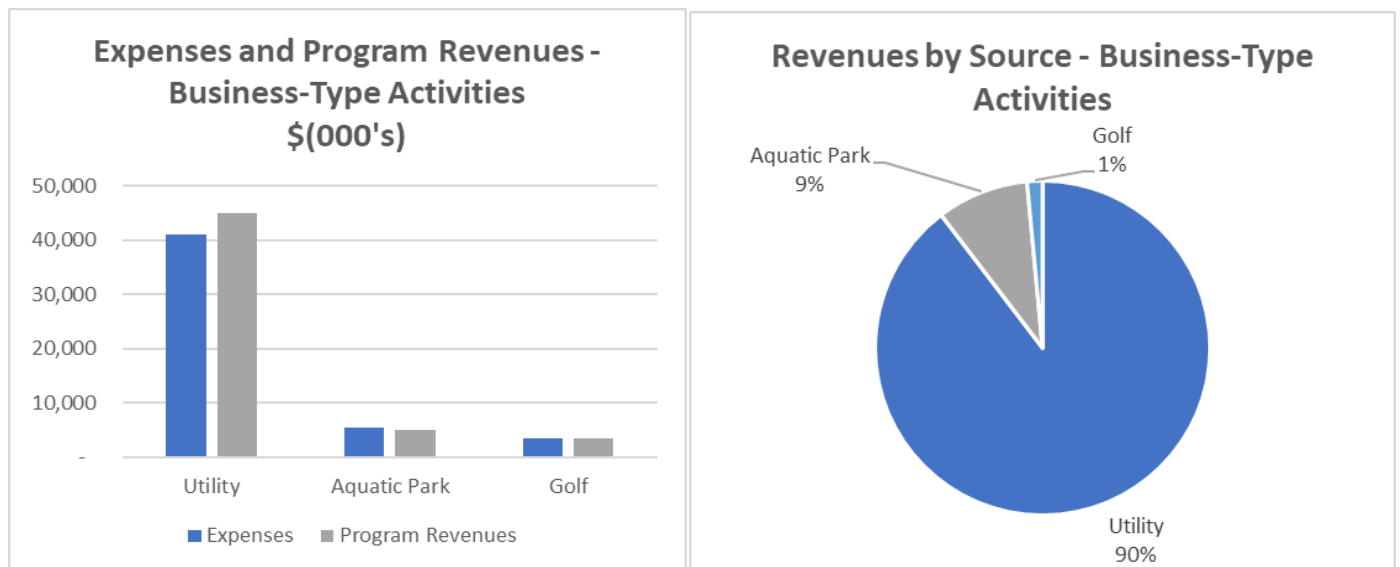


CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type activities – Business-type activities resulted in an increase to the City’s total net position of \$1.9 million in 2025. Total net revenue for Business-type activities was approximately \$5.3 million, with the Utility fund operations generating \$5.6 million of that total. Aquatic park generated \$0.5 million in net profit and Golf Course generated \$0.09 million in net (loss). Transfers to other funds reduced the net revenue by \$3.4 million.

Aquatic Park and Golf course operations are funded by consumers who patronize each facility. The City owned Golf Course, Iron Horse, is currently managed by KemperSports. Significant upgrades were made to the Golf Course clubhouse and pavilion. The Aquatic park celebrated its 31st year of operation in 2025 and saw attendance decrease in summer 2025 after a significant increase in 2024. Despite this decrease, the park experienced increased per-attendee spending during the summer season in 2025 though attendance at the park decreased by 2.48% over prior year levels, which is attributed to an increase in admission fees for the 2025 season.

The Utility Fund generally experienced increased consumption during 2025 due to weather patterns providing less rainfall compared to the prior year. Increases in the wholesale provider costs for water and sewer services continue to put pressure on the fund. The weather demonstrated how sensitive these business-type activities can be in regard to climate conditions.



CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Level Financial Analysis

Governmental Funds – The focus of the City of North Richland Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2025, the City's governmental funds reported combined fund balances of \$121,879,665, a decrease of \$7,582,693 in comparison with prior year. Unassigned fund balance of \$28,363,528 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1,357,419), 2) legally required to be maintained intact or to be used for a particular purpose (\$57,643,555), 3) committed for particular purposes (\$31,487,315), or 4) assigned for particular purposes (\$3,027,848).

The General Fund is the chief operating fund of the City. For fiscal year 2025, the General Fund unassigned fund balance was \$28,363,528 – an increase of \$2,391,100. Unassigned fund balance represents approximately 47.1% of total General Fund expenditures for 2025, while total fund balance represents 47.3%. The General Fund balance in total increased slightly due primarily to an increase in charges for services and fines, as well as a decrease in tax and license and permits revenue presented for the fund as compared to prior year. In conjunction, during 2025 the General Fund had higher transfers of funds for operating costs, offset by an increase in spending.

The General Capital Projects fund decreased governmental fund balance by approximately \$9.0 million. Of the fund's \$21.2 million expenditures, a significant portion can be attributed to improvements in the public street and roadways, drainage, sidewalks, and equipment replacements as well as park improvements.

General Debt Service fund decreased governmental fund balance by \$58,946. The decrease is associated with decreased property tax revenues and transfers from other funds, offset by an increase in the retirement of debt through principal and interest payments for 2025.

Parks and Recreation Development Corporation decreased governmental fund balance by \$1,587,800 which is primarily due to an increase in transfers to the Aquatic Park fund for capital projects.

The Grants Fund increased governmental fund balance by \$280,148. This resulted in an ending fund balance of \$3,436,945. The increase was due primarily to a decrease in eligible expenditures as several grant programs either completed in 2024 or were winding down in 2025.

Proprietary Funds – The proprietary funds provide the same type of information found in the government-wide financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and expenditures by a reduction of \$98,027. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. With mortgage interest rates trending downward, housing permits experienced a surge, with budgeted revenue from Licenses and Permits increasing by \$652,234. Based on observed collection trends, estimated Taxes collections were decreased \$1,141,868. Fine & Forfeitures were increased by \$505,288 based on projections.

Final budget compared to actual results. Revenue sources saw positive variances in some operational categories with the planned appropriation of reserves not required. A net negative revenue variance of \$812,180 in the tax revenues grouping and a net positive variance of \$1,676,721 in the non-tax revenue groupings resulted from collections received above projections, even after further analysis and an upward revision to most categories. Within expenditures for the fiscal year, a positive variance of \$1,540,422 was due to entity wide decline in spending.

Capital, Lease, and Subscription Asset and Debt Administration

Capital, lease and subscription assets – At the end of fiscal year 2025, the City had \$451.6 million (net of accumulated depreciation/amortization) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, lease assets, subscription assets and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation/amortization for each major category for both governmental and business-type activities as of September 30, 2025 and 2024.

Capital, Lease and Subscription Assets
(net of Accumulated Depreciation/Amortization)
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	\$ 81,510	\$ 80,960	\$ 2,579	\$ 2,579	\$ 84,089	\$ 83,539
Works of art	310	310	-	-	310	310
Buildings & improvements	75,985	80,030	1,815	1,906	77,800	81,936
Other improvements	144,671	139,892	5,970	6,124	150,640	146,017
Utility plant	-	-	53,227	56,776	53,227	56,776
Machinery and equipment	20,709	21,266	6,262	7,172	26,971	28,438
Lease equipment	-	26	522	611	522	637
Subscription assets	3,185	700	-	-	3,185	700
Assets held for sale	15	15	-	-	15	15
Construction in progress	33,049	26,751	21,824	14,769	54,872	41,519
Total Capital, Lease and Subscription Assets	\$ 359,434	\$ 349,950	\$ 92,199	\$ 89,937	\$ 451,631	\$ 439,887

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

This year's major additions included:

Description	Amount
Buildings and street improvements	\$ 22,992,232
Water / Sewer Replacement and Improvements	7,178,513
Computer, Machinery, and Equipment	3,249,437
Vehicles	1,533,074

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash and cash equivalents in the Statement of Net Position) totaling \$68,300,279 for both the Governmental and Business-type activities. These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets. More information on capital assets can be found in footnote III.C in the Footnotes to the financial statements.

Debt – At September 30, 2025 and 2024, the City had the following debt outstanding:

Outstanding Debt						
Amounts shown in thousands (000's)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 67,125	\$ 73,415	\$ 1,235	\$ 1,630	\$ 68,360	\$ 75,045
Certificates of obligation	24,485	28,560	28,170	25,150	52,655	53,710
General obligation bonds - Private placement	115	175	40	60	155	235
Certificates of obligation - Private placement	-	-	635	695	635	695
Special assessment bonds	7,485	7,680	-	-	7,485	7,680
Lease liabilities	-	28	540	613	540	641
Subscription liabilities	3,232	662	-	-	3,232	662
Totals	<u>\$ 102,442</u>	<u>\$ 110,520</u>	<u>\$ 30,620</u>	<u>\$ 28,148</u>	<u>\$ 133,062</u>	<u>\$ 138,668</u>

The presently outstanding general obligation debt of the City is rated "Aa2" by Moody's and "AA+" by S&P. As a home rule city, the City is limited by Article XI, Section 5 of the State of Texas Constitution to a maximum tax rate for all purposes of \$2.50 per \$100 of valuation, though within that figure there is no legal limit upon the amount of taxes which can be levied for debt service. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For fiscal year 2025, the City's property tax rate is \$0.489389 per \$100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 1.20%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Effective for fiscal year 2015, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City's history of making those contributions, it provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information ("RSI"), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2025 of \$25,043,475, which is 51.6% of the City's annual covered payroll of \$48,513,821 for the 2024 calendar year.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, to be \$23,911,467 as of September 30, 2025, a decrease of \$644,710 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. In June 2019, the Texas state legislature passed Senate Bill 2 (SB-2) which limits the ability of local governments to increase property tax revenues above 3.5% without an affirmative vote of the citizens within the jurisdiction. For budget year 2025/2026, sales tax receipts are anticipated to be roughly 3.88% higher than the 2024/2025 actual. Property tax values are anticipated to continue rising due to steady new valuation growth.

The fiscal year 2026 budget was based on the property tax rate of \$0.497841/\$100. For fiscal year 2026, the estimated tax rate distribution amounts for maintenance & operations and interest & sinking (per \$100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule	Tax Rate	Tax Rate Distribution
General Fund - Maintenance & Operations	\$ 0.346946	\$ 29,256,442
Debt Service Fund - Interest & Sinking	0.150895	12,509,495
Total Distribution of tax proceeds	<u>\$ 0.497841</u>	<u>\$ 41,765,937</u>

By policy, the City maintains an unassigned General fund balance of 33% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

Basic Financial Statements



CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 42,813,957	\$ 9,674,975	\$ 52,488,932
Investments	58,178,596	16,498,712	74,677,308
Receivables, net of allowances	12,633,212	9,240,269	21,873,481
Prepays	1,283,715	76,651	1,360,366
Inventories, at cost	342,369	449,000	791,369
Interfund balances	500,000	(500,000)	-
Internal balances	(12,932,668)	12,932,668	-
Total Current Assets	102,819,181	48,372,275	151,191,456
Noncurrent Assets:			
Cash and cash equivalents	53,630,499	14,669,780	68,300,279
Investments	-	1,601,018	1,601,018
Capital assets not being depreciated	114,882,970	24,403,042	139,286,012
Capital, lease and subscription assets, net	244,550,616	67,795,812	312,346,428
Total Noncurrent Assets	413,064,085	108,469,652	521,533,737
Total Assets	515,883,266	156,841,927	672,725,193
Deferred Outflows of Resources			
Deferred loss on refunding	-	7,703	7,703
Deferred outflows - OPEB	2,785,527	295,068	3,080,595
Deferred outflows - Pension	9,437,378	1,317,039	10,754,417
Total Deferred Outflows of Resources	12,222,905	1,619,810	13,842,715
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	4,580,627	1,734,733	6,315,360
Deposits and other liabilities	2,932,011	57,673	2,989,684
Customer deposits	-	3,711,231	3,711,231
Unearned revenue	4,825,012	85,770	4,910,782
Retainage payable	628,606	191,015	819,621
Accrued interest payable	515,445	152,170	667,615
Due within one year: Bonds, leases, subscriptions, compensated absences	12,631,918	2,750,323	15,382,241
Total Current Liabilities	26,113,619	8,682,915	34,796,534
Noncurrent Liabilities:			
Due in more than one year:			
Intergovernmental payables	-	1,472,352	1,472,352
Net OPEB liability	21,621,179	2,290,288	23,911,467
Net pension liability	20,662,077	4,381,398	25,043,475
Bonds, leases, subscriptions, arbitrage, compensated absences, net	103,392,077	30,128,764	133,520,841
Total Noncurrent Liabilities	145,675,333	38,272,802	183,948,135
Total Liabilities	171,788,952	46,955,717	218,744,669
Deferred Inflows of Resources			
Deferred inflows - OPEB	13,571,801	1,437,631	15,009,432
Deferred inflows - Pension	3,985,496	160,966	4,146,462
Unavailable revenue - leases	1,220,493	-	1,220,493
Total Deferred Inflows of Resources	18,777,790	1,598,597	20,376,387
Net Position			
Net investment in capital assets	286,066,139	68,188,734	354,254,873
Restricted for:			
Municipal court technology & security	1,052,763	-	1,052,763
Franchise peg fees	1,029,661	-	1,029,661
Parks and recreation development	10,042,458	-	10,042,458
Crime control district	3,435,970	-	3,435,970
Debt service	2,739,680	-	2,739,680
Promotional & economic development	2,490,855	-	2,490,855
Public safety	4,312,960	-	4,312,960
Impact fees restricted for construction	-	4,238,308	4,238,308
Unrestricted	26,368,943	37,480,381	63,849,324
Total Net Position	\$ 337,539,429	\$ 109,907,423	\$ 447,446,852



CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 22,501,408	\$ 6,993,318	\$ 1,312,585	\$ 120,191	\$ (14,075,314)	\$ -	\$ (14,075,314)
Public safety	47,016,612	2,066,899	5,480,978	-	(39,468,735)	-	(39,468,735)
Culture and recreation	15,542,862	4,012,377	219,579	-	(11,310,906)	-	(11,310,906)
Public works	9,606,639	3,217,263	1,083,946	-	(5,305,430)	-	(5,305,430)
Interest	3,743,626	-	-	-	(3,743,626)	-	(3,743,626)
Total Governmental Activities	98,411,147	16,289,857	8,097,088	120,191	(73,904,011)	-	(73,904,011)
Business-Type Activities:							
Utility	41,185,660	45,103,525	33,291	-	-	3,951,156	3,951,156
Aquatic park	5,460,448	4,962,173	-	-	-	(498,275)	(498,275)
Golf course	3,421,488	3,507,971	-	-	-	86,483	86,483
Total Business-Type Activities	50,067,596	53,573,669	33,291	-	-	3,539,364	3,539,364
Total Primary Government	\$ 148,478,743	\$ 69,863,526	\$ 8,130,379	\$ 120,191	(73,904,011)	3,539,364	(70,364,647)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property					41,246,855	-	41,246,855
Sales					29,655,963	-	29,655,963
Mixed beverage					153,761	-	153,761
Franchise					3,825,837	-	3,825,837
Occupancy					430,548	-	430,548
Grants not restricted to specific programs					2,334,117	-	2,334,117
Net unrestricted investment earnings					6,832,537	1,637,306	8,469,843
Gain on sale of capital assets					190,750	405	191,155
Miscellaneous					877,130	140,972	1,018,102
Transfers					3,438,779	(3,438,779)	-
Total General Revenues and Transfers					88,986,277	(1,660,096)	87,326,181
Change in net position					15,082,266	1,879,268	16,961,534
Net Position - Beginning of Year					322,457,163	108,028,155	430,485,318
Net Position - End of Year					\$ 337,539,429	\$ 109,907,423	\$ 447,446,852

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2025

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	\$ 12,159,045	\$ -	\$ -	\$ 4,829,588
Investments	12,645,561	13,988,182	976,781	5,344,574
Receivables, net of allowances:				
Accounts	3,139,028	-	-	-
Property taxes	959,253	-	-	-
Other taxes receivable	2,585,635	-	-	1,236,730
Interest receivable	57,923	65,496	4,435	22,276
Special assessments receivable	-	132,657	-	-
Intergovernmental receivables	391,382	71,760	-	-
Lease receivables	1,274,974	-	-	-
Other receivables	283,959	-	-	42,699
Due from other funds	1,740,715	-	-	-
Inventories, at cost	80,178	-	-	10,898
Prepaid items	57,966	1,208,377	-	-
Assets limited to use:				
Cash and cash equivalents	-	48,806,248	606,661	712,161
Total Assets	<u>\$ 35,375,619</u>	<u>\$ 64,272,720</u>	<u>\$ 1,587,877</u>	<u>\$ 12,198,926</u>
Liabilities				
Accounts payable	\$ 180,773	\$ 1,819,349	\$ -	\$ 119,512
Retainage payable	-	628,606	-	-
Arbitrage payable	-	688,917	-	-
Accrued liabilities	483,086	-	-	108,963
Deposits and other liabilities	2,126,335	765,906	-	33,723
Unearned revenue	80,097	1,989,848	-	121,311
Total Liabilities	<u>2,870,291</u>	<u>5,892,626</u>	<u>-</u>	<u>383,509</u>
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	2,579,733	-	-	-
Unavailable revenue - property taxes	213,169	-	-	-
Unavailable revenue - assessments	-	132,657	-	-
Unavailable revenue - leases	1,210,754	-	-	-
Total Deferred Inflows of Resources	<u>4,003,656</u>	<u>132,657</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable:				
Inventory	80,178	-	-	10,898
Prepaid items	57,966	1,208,377	-	-
Restricted:				
Municipal court technology & security	-	-	-	-
Franchise peg fees	-	-	-	-
Parks and recreation development	-	-	-	10,042,458
Crime control district	-	-	-	-
Debt service	-	-	1,587,877	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	32,483,317	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Capital projects	-	23,289,956	-	-
Assigned:				
Recreation centre	-	-	-	1,762,061
Capital projects	-	1,265,787	-	-
Unassigned	28,363,528	-	-	-
Total Fund Balance	<u>28,501,672</u>	<u>58,247,437</u>	<u>1,587,877</u>	<u>11,815,417</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 35,375,619</u>	<u>\$ 64,272,720</u>	<u>\$ 1,587,877</u>	<u>\$ 12,198,926</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2025

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,037,770	\$ 9,133,508	\$ 30,159,911
Investments	1,412,576	7,896,902	42,264,576
Receivables, net of allowances:			
Accounts	-	308,798	3,447,826
Property taxes	-	-	959,253
Other taxes receivable	-	1,353,162	5,175,527
Interest receivable	6,413	35,348	191,891
Special assessments receivable	-	-	132,657
Intergovernmental receivables	455,521	-	918,663
Lease receivables	-	-	1,274,974
Other receivables	-	16,447	343,105
Due from other funds	-	-	1,740,715
Inventories, at cost	-	-	91,076
Prepaid items	-	-	1,266,343
Assets limited to use:			
Cash and cash equivalents	-	4,482	50,129,552
Total Assets	<u>\$ 5,912,280</u>	<u>\$ 18,748,647</u>	<u>\$ 138,096,069</u>
Liabilities			
Accounts payable	\$ 77,151	\$ 8,118	\$ 2,204,903
Retainage payable	-	-	628,606
Arbitrage payable	-	-	688,917
Accrued liabilities	22,003	173,077	787,129
Deposits and other liabilities	-	19,560	2,945,524
Unearned revenue	2,376,181	257,575	4,825,012
Total Liabilities	<u>2,475,335</u>	<u>458,330</u>	<u>12,080,091</u>
Deferred Inflows of Resources			
Unavailable revenue - ambulance fees	-	-	2,579,733
Unavailable revenue - property taxes	-	-	213,169
Unavailable revenue - assessments	-	-	132,657
Unavailable revenue - leases	-	-	1,210,754
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>4,136,313</u>
Fund Balance			
Nonspendable:			
Inventory	-	-	91,076
Prepaid items	-	-	1,266,343
Restricted:			
Municipal court technology & security	-	1,052,763	1,052,763
Franchise peg fees	-	1,029,661	1,029,661
Parks and recreation development	-	-	10,042,458
Crime control district	-	3,435,970	3,435,970
Debt service	-	1,151,803	2,739,680
Promotional & economic development	-	2,490,855	2,490,855
Public safety	3,436,945	876,015	4,312,960
Capital projects (bond funded)	-	55,891	32,539,208
Committed:			
Donations	-	1,111,176	1,111,176
Drainage Utility	-	5,137,636	5,137,636
Gas development	-	1,948,547	1,948,547
Capital projects	-	-	23,289,956
Assigned:			
Recreation centre	-	-	1,762,061
Capital projects	-	-	1,265,787
Unassigned	-	-	28,363,528
Total Fund Balance	<u>3,436,945</u>	<u>18,290,317</u>	<u>121,879,665</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,912,280</u>	<u>\$ 18,748,647</u>	<u>\$ 138,096,069</u>



CITY OF NORTH RICHLAND HILLS, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2025

Total Fund Balances - Governmental Funds **\$ 121,879,665**

Amounts reported for governmental activities in the statement of net position are different because:

Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of \$15,783,003, which are allocated to governmental activities. 343,650,583

Accrued interest on governmental activities debt is not reported in the funds until paid, excluding internal service funds of \$54,980. (446,952)

Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements. 2,925,559

The internal service funds are used by management to charge the cost of certain activities, such as building and vehicle support services, self insurance, and information technology services, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds that are attributable to governmental activities are included in the government-wide financial statements. 25,304,035

Included in the items related to long-term liabilities is the recognition of the City's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of \$9,437,378 deferred inflows of resources in the amount of \$3,985,496, and the net pension liability of \$20,662,077, excluding internal service funds of \$2,351,036. (12,859,159)

Included in the items related to long-term liabilities is the recognition of the City's net OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of \$2,785,527, deferred inflows of resources in the amount of \$13,571,801, and the net OPEB liability of \$21,621,179, excluding internal service funds of \$2,535,502. (29,871,951)

Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds of \$370,197. (5,023,389)

Long-term liabilities excluding compensated absences, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows, excluding internal service funds:

Due in one year	(10,677,020)
Due in more than one year	(97,341,942)

Total Net Position - Governmental Activities **\$ 337,539,429**

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Revenues				
Taxes	\$ 46,505,821	\$ -	\$ 13,090,527	\$ 7,414,294
Licenses and permits	2,075,037	-	-	-
Charges for services	3,251,082	22,126	-	3,857,653
Gas utility leases and royalties	-	-	-	-
Fines	1,894,075	-	-	-
Contributions	18,524	-	-	-
Special assessments	-	-	-	-
Investment income	1,227,564	2,728,027	133,573	441,427
Intergovernmental	3,104,452	1,083,946	-	-
Forfeitures	-	-	-	-
Miscellaneous	639,141	95,000	-	12,282
Total Revenues	58,715,696	3,929,099	13,224,100	11,725,656
Expenditures				
General government	14,830,572	-	-	-
Public safety	36,500,276	-	-	-
Culture and recreation	4,095,601	-	-	7,814,660
Public works	3,340,298	-	-	-
Capital Outlay	1,435,287	20,503,033	-	-
Debt service:				
Principal retirement	66,799	-	10,425,000	2,101
Interest and fiscal charges	94	688,917	3,680,151	7
Total Expenditures	60,268,927	21,191,950	14,105,151	7,816,768
Excess (deficiency) of revenues over expenditures	(1,553,231)	(17,262,851)	(881,051)	3,908,888
Other Financing Sources (Uses)				
Subscriptions issued	1,429,759	-	-	-
Proceeds from sale of assets	42,464	-	-	201
Insurance recoveries	7,718	-	-	-
Transfers in	5,747,702	8,240,758	822,105	-
Transfers out	(3,271,712)	-	-	(5,496,889)
Total Other Financing Sources (Uses)	3,955,931	8,240,758	822,105	(5,496,688)
Net change in fund balances	2,402,700	(9,022,093)	(58,946)	(1,587,800)
Fund Balances - Beginning of Year	26,098,972	67,269,530	1,646,823	13,403,217
Fund Balances - End of Year	\$ 28,501,672	\$ 58,247,437	\$ 1,587,877	\$ 11,815,417

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ -	\$ 8,244,068	\$ 75,254,710
Licenses and permits	-	-	2,075,037
Charges for services	-	1,742,271	8,873,132
Gas utility leases and royalties	-	398,455	398,455
Fines	-	175,563	2,069,638
Contributions	-	300,492	319,016
Special assessments	-	745,934	745,934
Investment income	252,852	732,537	5,515,980
Intergovernmental	5,367,419	654,971	10,210,788
Forfeitures	-	67,254	67,254
Miscellaneous	-	98,202	844,625
Total Revenues	<u>5,620,271</u>	<u>13,159,747</u>	<u>106,374,569</u>
Expenditures			
General government	431,614	1,589,974	16,852,160
Public safety	2,843,608	7,812,985	47,156,869
Culture and recreation	7,158	333,353	12,250,772
Public works	-	482,854	3,823,152
Capital Outlay	1,752,116	875,339	24,565,775
Debt service:			
Principal retirement	-	498,679	10,992,579
Interest and fiscal charges	-	525,216	4,894,385
Total Expenditures	<u>5,034,496</u>	<u>12,118,400</u>	<u>120,535,692</u>
Excess (deficiency) of revenues over expenditures	585,775	1,041,347	(14,161,123)
Other Financing Sources (Uses)			
Subscriptions issued	-	-	1,429,759
Proceeds from sale of assets	-	-	42,665
Insurance recoveries	-	-	7,718
Transfers in	438,245	347,015	15,595,825
Transfers out	(743,872)	(985,064)	(10,497,537)
Total Other Financing Sources (Uses)	<u>(305,627)</u>	<u>(638,049)</u>	<u>6,578,430</u>
Net change in fund balances	280,148	403,298	(7,582,693)
Fund Balances - Beginning of Year	<u>3,156,797</u>	<u>17,887,019</u>	<u>129,462,358</u>
Fund Balances - End of Year	<u>\$ 3,436,945</u>	<u>\$ 18,290,317</u>	<u>\$ 121,879,665</u>



CITY OF NORTH RICHLAND HILLS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Net Change in Fund Balances - Governmental Funds	\$ (7,582,693)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in revenues not considered available in the governmental funds.	1,346,303
This amount is the amount of governmental activities capital asset additions for the current period, \$27,895,846 less \$3,295,359 of additions allocated from the internal service funds.	24,565,775
Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes \$2,899,070 of depreciation/amortization in the internal service funds.	(15,484,542)
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to increase net position. This amount excludes \$118,943 of gain on disposal of assets in the internal service funds.	29,142
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(55,380)
The issuance of long-term debt (e.g. bonds, leases, subscriptions, etc) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, and excludes issuance of subscription liabilities and repayment of principal on lease and subscription liabilities that are reflected in the internal service funds.	
Issuance of subscriptions, excluding internal service funds of \$1,977,495	(1,429,759)
Repayment of principal on long-term debt	10,620,000
Repayment of principal on leases, excluding internal service funds of \$2,259	25,962
Repayment of principal on subscriptions, excluding internal service funds of \$490,613	346,617
Amortization of:	
Premium on issuance of long-term debt	663,983
Current year change in accrued interest payable does not require the use of current financial resources; and therefore is not reported as an expenditure in the governmental funds, excluding internal service funds of \$45,011.	48,627
Arbitrage due in connection with unspent bond proceeds in governmental activities is not due and payable and therefore is not reported as expenditures in governmental funds. This is the change in the amount of arbitrage liability that is not due and payable within one year.	709,078
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Net Pension liability and related deferred outflows and inflows of resources, excluding internal service funds of \$151,131	(826,631)
Net OPEB liability and related deferred outflows and inflows of resources, excluding internal service funds of \$201,873	2,378,349
Compensated absences liability, excluding internal service funds of \$9,733	(544,347)
The internal service fund is used by management to charge the costs of certain activities, such as facilities and construction services, fleet services, self insurance, and information technology, to individual funds. The change in net position of the internal service funds attributed to governmental activities is to increase net position.	271,782
Change in Net Position of Governmental Activities	\$ 15,082,266

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2025

	Enterprise Funds				Governmental
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Activities Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 9,154,764	\$ -	\$ 520,211	\$ 9,674,975	\$ 12,654,046
Investments	15,049,944	1,411,199	37,569	16,498,712	15,914,020
Accounts receivable, net of allowances:					
Billed	5,095,238	-	-	5,095,238	-
Unbilled	3,577,528	-	-	3,577,528	-
Other	313,402	66,958	110,151	490,511	117,066
Interest receivable	68,327	8,494	171	76,992	72,250
Prepaid items	5,857	-	70,794	76,651	17,372
Inventories, at cost	289,647	55,845	103,508	449,000	251,293
Total Current Assets	33,554,707	1,542,496	842,404	35,939,607	29,026,047
Noncurrent Assets:					
Restricted cash and cash equivalents	13,881,267	716,160	72,353	14,669,780	3,500,947
Restricted investments	-	1,601,018	-	1,601,018	-
Interfund loan receivable	-	-	-	-	500,000
Capital, lease and subscription assets - net:					
Land	75,366	745,771	1,758,000	2,579,137	-
Buildings and improvements	9,665	2,465,964	802,762	3,278,391	225,340
Other improvements	-	977,380	11,983,759	12,961,139	2,722,336
Utility plant in service	152,328,015	-	-	152,328,015	-
Machinery and equipment	3,040,066	23,973,918	2,662,769	29,676,753	21,291,602
Leased equipment	61,709	-	634,404	696,113	-
Subscription assets	-	-	-	-	2,730,462
Construction in progress	14,155,906	7,667,999	-	21,823,905	2,046,084
Accumulated depreciation/amortization	(102,528,734)	(19,691,416)	(8,924,449)	(131,144,599)	(13,232,821)
Total capital, lease and subscription assets - net	67,141,993	16,139,616	8,917,245	92,198,854	15,783,003
Total Noncurrent Assets	81,023,260	18,456,794	8,989,598	108,469,652	19,783,950
Total Assets	114,577,967	19,999,290	9,832,002	144,409,259	48,809,997
Deferred Outflows of Resources					
Deferred loss on refunding	7,703	-	-	7,703	-
Deferred outflows - OPEB	250,617	44,451	-	295,068	217,936
Deferred outflows - Pension	1,168,277	148,762	-	1,317,039	960,028
Total Deferred Outflows of Resources	1,426,597	193,213	-	1,619,810	1,177,964

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2025

	Enterprise Funds				Governmental Activities Internal Service Funds
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,537,145	\$ 127,641	\$ 260,962	\$ 1,925,748	\$ 484,490
Due to other funds	-	1,740,715	-	1,740,715	-
Deposits and other liabilities	57,067	606	-	57,673	1,096,145
Customer deposits	3,711,231	-	-	3,711,231	-
Compensated absences	43,478	13,647	-	57,125	46,030
Unearned revenue	-	-	85,770	85,770	-
Accrued interest payable	98,544	43,506	10,120	152,170	54,980
Intergovernmental payables	1,472,352	-	-	1,472,352	-
Bonds payable	1,650,000	675,000	215,000	2,540,000	-
Lease liabilities	11,745	-	133,012	144,757	-
Subscription liabilities	-	-	-	-	581,866
Arbitrage payable	8,441	-	-	8,441	-
Total Current Liabilities	8,590,003	2,601,115	704,864	11,895,982	2,263,511
Noncurrent Liabilities:					
Bonds payable	18,990,380	7,568,264	2,428,518	28,987,162	-
Lease liabilities	40,270	-	354,828	395,098	-
Subscription liabilities	-	-	-	-	1,348,624
Arbitrage payable	352,872	-	-	352,872	-
Compensated absences	299,060	94,572	-	393,632	324,167
Interfund loan payable	-	500,000	-	500,000	-
Net OPEB liability	1,945,277	345,011	-	2,290,288	1,691,603
Net pension liability	3,886,511	494,887	-	4,381,398	3,193,731
Total Noncurrent Liabilities	25,514,370	9,002,734	2,783,346	37,300,450	6,558,125
Total Liabilities	34,104,373	11,603,849	3,488,210	49,196,432	8,821,636
Deferred Inflows of Resources					
Deferred inflows - OPEB	1,221,066	216,565	-	1,437,631	1,061,835
Deferred inflows - Pension	142,785	18,181	-	160,966	117,333
Deferred inflows - Leases	-	-	-	-	9,739
Total Deferred Inflows of Resources	1,363,851	234,746	-	1,598,597	1,188,907
Net Position					
Net investment in capital assets	52,905,477	9,497,370	5,785,887	68,188,734	13,624,838
Impact fees restricted for construction	4,238,308	-	-	4,238,308	-
Unrestricted net position (deficit)	23,392,555	(1,143,462)	557,905	22,806,998	26,352,580
Total Net Position	\$ 80,536,340	\$ 8,353,908	\$ 6,343,792	\$ 95,234,040	\$ 39,977,418

Reconciliation to business-type activities:

Some amounts reported for business-type activities
in the Statement of Net Position are different
because certain internal balances are included with
business-type activities.

	14,673,383
Net Position of business-type activities	\$ 109,907,423

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Internal Service Funds
Operating Revenues					
Charges for services:					
Water and sewer service	\$ 43,352,484	\$ -	\$ -	\$ 43,352,484	\$ -
Service charges	1,128,134	-	-	1,128,134	-
Inspection fees	111,369	-	-	111,369	-
Golf course fees and charges	-	-	3,468,299	3,468,299	-
Aquatic park admissions and services	-	4,909,930	-	4,909,930	-
Risk management	-	-	-	-	17,647,469
Facilities and fleet management	-	-	-	-	7,682,393
Information systems management	-	-	-	-	5,431,008
Miscellaneous revenues	144,845	25,846	-	170,691	877,628
Total Operating Revenues	<u>44,736,832</u>	<u>4,935,776</u>	<u>3,468,299</u>	<u>53,140,907</u>	<u>31,638,498</u>
Operating Expenses					
Claims	-	-	-	-	14,040,037
Contractual services	7,634,679	1,349,385	-	8,984,064	4,364,287
Water purchases	11,474,649	-	-	11,474,649	-
Wastewater treatment services	9,750,137	-	-	9,750,137	-
Personnel services	6,358,060	2,220,711	-	8,578,771	4,479,071
Golf course sales and service	-	-	2,994,357	2,994,357	-
Repairs and maintenance	972,133	183,959	-	1,156,092	4,470,995
Supplies	289,561	401,868	22,052	713,481	-
Depreciation/amortization	3,986,133	970,976	314,091	5,271,200	2,899,070
Total Operating Expenses	<u>40,465,352</u>	<u>5,126,899</u>	<u>3,330,500</u>	<u>48,922,751</u>	<u>30,253,460</u>
Operating income (loss)	<u>4,271,480</u>	<u>(191,123)</u>	<u>137,799</u>	<u>4,218,156</u>	<u>1,385,038</u>
Nonoperating Revenues (Expenses)					
Investment income	1,475,269	134,873	27,164	1,637,306	1,316,557
Interest expense	(720,308)	(181,682)	(90,988)	(992,978)	(322,946)
Bond issuance costs	-	(151,867)	-	(151,867)	-
Other income	11,120	339	-	11,459	29,265
Gain on disposal of assets	-	405	-	405	118,943
Total Nonoperating Revenues (Expenses)	<u>766,081</u>	<u>(197,932)</u>	<u>(63,824)</u>	<u>504,325</u>	<u>1,141,819</u>
Income (loss) before capital contributions and transfers	<u>5,037,561</u>	<u>(389,055)</u>	<u>73,975</u>	<u>4,722,481</u>	<u>2,526,857</u>
Transfers in	-	1,810,000	-	1,810,000	428,841
Transfers out	(5,248,779)	-	-	(5,248,779)	(2,088,350)
Total Capital Contributions and Transfers - Net	<u>(5,248,779)</u>	<u>1,810,000</u>	<u>-</u>	<u>(3,438,779)</u>	<u>(1,659,509)</u>
Change in net position	<u>(211,218)</u>	<u>1,420,945</u>	<u>73,975</u>	<u>1,283,702</u>	<u>867,348</u>
Net Position - Beginning of Year	<u>80,747,558</u>	<u>6,932,963</u>	<u>6,269,817</u>	<u>93,950,338</u>	<u>39,110,070</u>
Net Position - End of Year	<u>\$ 80,536,340</u>	<u>\$ 8,353,908</u>	<u>\$ 6,343,792</u>	<u>\$ 95,234,040</u>	<u>\$ 39,977,418</u>
Reconciliation to business-type activities:					
Change in net position of enterprise funds				\$ 1,283,702	
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.					
Change in net position of business-type activities				<u>595,566</u>	
				<u>\$ 1,879,268</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Enterprise Funds				Governmental Activities Internal Services
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	
Cash flows from operating activities:					
Receipts from customers	\$ 41,660,937	\$ 4,931,053	\$ 3,391,454	\$ 49,983,444	\$ -
Receipts from (payments for) interfund services provided	(6,030,382)	(263,038)	-	(6,293,420)	31,777,234
Payments to suppliers	(24,768,657)	(1,591,655)	(2,960,988)	(29,321,300)	(25,338,034)
Payments to employees	(6,488,871)	(2,288,985)	-	(8,777,856)	(4,520,079)
Net cash provided by operating activities	4,373,027	787,375	430,466	5,590,868	1,919,121
Cash flows from noncapital financing activities:					
Transfers from other funds	-	1,810,000	-	1,810,000	428,841
Transfers to other funds	(5,248,779)	-	-	(5,248,779)	(2,088,350)
Other noncapital financing receipts	11,120	339	-	11,459	29,265
Net cash provided by (used for) noncapital financing activities	(5,237,659)	1,810,339	-	(3,427,320)	(1,630,244)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(3,657,154)	(4,172,271)	-	(7,829,425)	(1,076,401)
Proceeds from capital debt	-	5,105,000	-	5,105,000	-
Principal paid on capital debt, leases, and subscriptions	(1,695,317)	(663,683)	(335,748)	(2,694,748)	(490,613)
Interest paid on capital debt, leases, and subscriptions	(823,032)	(1,870)	(93,721)	(918,623)	(272,278)
Proceeds from sale of capital assets	-	12,455	25,302	37,757	127,943
Net cash provided by (used for) capital and related financing activities	(6,175,503)	279,631	(404,167)	(6,300,039)	(1,711,349)
Cash flows from investing activities:					
Sale (purchase) of investments, net	1,186,237	(3,012,218)	(1,473)	(1,827,454)	170,558
Interest and dividends received	1,475,269	134,873	27,164	1,637,306	1,316,557
Net cash provided by (used for) investing activities	2,661,506	(2,877,345)	25,691	(190,148)	1,487,115
Net increase (decrease) in cash and cash equivalents	(4,378,629)	-	51,990	(4,326,639)	64,643
Cash and cash equivalents, beginning of year	27,414,660	716,160	540,574	28,671,394	16,090,350
Cash and cash equivalents, end of year	23,036,031	716,160	592,564	24,344,755	16,154,993
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and cash equivalents - current	9,154,764	-	520,211	9,674,975	12,654,046
Cash and cash equivalents - noncurrent	13,881,267	716,160	72,353	14,669,780	3,500,947
Total cash and cash equivalents	23,036,031	716,160	592,564	24,344,755	16,154,993
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	4,271,480	(191,123)	137,799	4,218,156	1,385,038
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization expense	3,986,133	970,976	314,091	5,271,200	2,899,070
(Increase) decrease in accounts receivable	(2,323,864)	(4,723)	(76,845)	(2,405,432)	138,736
(Increase) decrease in prepaid items	462	(3,563)	(9,432)	(12,533)	37,408
(Increase) decrease in inventories	181,719	-	-	181,719	123,805
(Increase) decrease in deferred outflows of resources - pension	1,591,282	202,625	-	1,793,907	1,307,633
(Increase) decrease in deferred outflows of resources - OPEB	89,573	15,885	-	105,458	77,892
Increase (decrease) in accounts payable	(967,911)	47,843	38,664	(881,404)	(2,612,241)
Increase (decrease) in customer deposits	(752,031)	-	-	(752,031)	-
Increase (decrease) in compensated absences	12,799	(14,278)	-	(1,479)	9,733
Increase (decrease) in unearned revenues	-	-	26,189	26,189	-
Increase (decrease) in intergovernmental payables	12,470	-	-	12,470	-
Increase (decrease) in deferred inflows of resources - pension	(68,511)	(8,725)	-	(77,236)	(56,300)
Increase (decrease) in deferred inflows of resources - OPEB	(269,270)	(47,758)	-	(317,028)	(234,155)
Increase (decrease) in deferred inflows of resources - leases	-	-	-	-	(11,686)
Increase (decrease) in net pension/OPEB liabilities	(1,391,304)	(179,784)	-	(1,571,088)	(1,145,812)
Total Adjustments	101,547	978,498	292,667	1,372,712	534,083
Net cash provided by operating activities	\$ 4,373,027	\$ 787,375	\$ 430,466	\$ 5,590,868	\$ 1,919,121
Schedule of non-cash capital and related financing activities:					
Purchase of capital assets on account and changes in retainage payable	\$ 18,158	\$ -	\$ -	\$ 18,158	\$ 227,675
Leases and subscriptions issued	61,709	-	-	61,709	1,977,495

See notes to the financial statements.



CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
September 30, 2025

	<u>(As of December 31, 2024)</u>
	<u>OPEB Trust</u>
Assets	
Investments, at fair value:	
Investments in master trust	\$ 3,261,949
Total Assets	<u>\$ 3,261,949</u>
Net Position	
Restricted for other post employment benefits	\$ 3,261,949
Total Net Position	<u>\$ 3,261,949</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUND
For the Year Ended September 30, 2025

	(For the Year Ended December 31, 2024)
	<u>OPEB Trust</u>
Additions	
Contributions:	
Employer	\$ 1,709,475
Net investment income	291,569
Total Additions	<u>2,001,044</u>
Deductions	
Benefit payments	1,709,475
Administrative expenses	18,454
Total Deductions	<u>1,727,929</u>
Change in net position	273,115
Net Position - Beginning	<u>2,988,834</u>
Net Position - Ending	<u>\$ 3,261,949</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Note I - Summary of Significant Accounting Policies

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete. The City currently has no discretely presented component units.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Refinancing Zone #3 ("TIF #3") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #3. TIF #3 is primarily located in the immediate area around the NRH City Hall municipal complex and designed to promote development on one of the last few undeveloped areas in the City. Included in this development is a Public Improvement District ("PID") through which the underground and surface infrastructure was constructed. The TIF #3 board consists of representatives from the City Council and Tarrant County.

The TIF #3 meets the criteria for blending as the City Council and TIF #3 Board is substantially the same. In addition, although another entity is involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF #3, and management of the City has day-to-day operational responsibility for the activities of the TIF #3.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits obligations, and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund, a capital projects fund, accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. Financing is provided from taxes (primarily sales) and charges for services.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds. This fund is designated as a major fund.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

The City reports the following proprietary funds:

The Utility Fund accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund accounts for the operation of NRH₂O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course is the only non-major proprietary fund.

Internal Service Funds account for building maintenance and repair services, fleet management, computer and telephone hardware and software, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long-term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post-employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital, lease and subscription assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Cash and cash equivalents consist of bank deposits and investments with an original maturity of three months or less, including investment pools. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase. Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government's investment pools operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2025, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2025 was \$0.489389 per \$100 of assessed valuation.

Lease Receivable

The City is a lessor for noncancellable leases related to cellular towers and building space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories and prepaid items

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the governmental activities balance sheet or proprietary funds statement of net position because their use is limited. The "debt service reserve funds" are used to segregate resources accumulated for outstanding debt. The "construction funds" account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

Restricted assets defined as noncurrent assets in the Utility Fund are customer deposits, impact fees and unspent bond proceeds. The limitation for customer deposits is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement. Impact fees are a restriction imposed by the City's governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. Unspent bond proceeds are limited as to use for financing the acquisition or construction of capital assets. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five-year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

The Aquatic Park Fund contains restricted assets for unspent bond proceeds and future insurance claims. Unspent bond proceeds are limited as to use for financing the acquisition or construction of capital assets. Future claims are funds set aside and obligated for risk payables that could arise in future fiscal periods at the park. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims.

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets to be used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. The equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets to be used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims. Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay should the need occur.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Assets limited to use

Certain assets are restricted by various legal and contractual obligations. Certain proceeds of bonds, certain resources set aside for the repayment of bonds, grant funds, donations, and other resources, are classified as noncurrent assets or assets limited to use on the statement of net position/balance sheet because their use is limited by applicable bond covenants or contractual agreements.

The Parks and Recreation Development Fund contains assets restricted for specific activities and projects.

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The “transition” term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable (except for intangible right-to-use leased assets). Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life	Capitalization Threshold
Land	N/A	\$ -
Buildings and improvements	30 years	100,000
Other improvements	30 years	100,000
Water, sewer system and other infrastructure	33 years	100,000
Furniture and fixtures, & certain machinery and equipment	10 years	5,000
Firetrucks and ambulances	20 years	5,000
Other machinery and equipment including vehicles	3-12 years *	5,000

** Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy.*

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The City recognizes lease assets with an initial, individual value of \$5,000 or more.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straightline basis over the shorter of the SBITA term or the useful life of the underlying IT asset. The City recognizes subscription assets with an initial, individual value of \$5,000 or more.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual experience for the City's pension plan – These effects on the pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Difference in projected and actual earnings on OPEB assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Differences between expected and actual experience for the City's OPEB plan – These effects on the OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, ambulance fees and assessments.

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees. The City's policy is that leave earned in the current period is used before leave earned in prior periods. In the event of termination, an employee will be paid for all unused vacation leave credit upon separation from employment with the City. Employees who are eligible to utilize their accrued vacation but who have not completed their probationary period are not eligible to be paid for unused vacation at the time of separation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. The City developed assumptions to estimate employees more likely than not to retire with the City and accrued those balances in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation and sick pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Unearned revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures. The Golf fund reports a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of advance payments, gift certificates, store credit and deposits.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and gains/losses on bond refunding transactions are deferred and amortized over the life of the related debt. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Liability

The City is a lessee for noncancellable leases of vehicles, equipment, and other machinery. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital, lease and subscription assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscription Liability

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements.

At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Defined Benefit Other Postemployment Benefit Plan

The City has a single employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund balance

Fund balances are reported within one of the fund balance categories listed below:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific ordinances which were adopted to restrict the utilization of special revenue sources. Once the ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Fund balance reporting as a result of ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council ordinance to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.
- Capital Projects funds that are not bond proceeds restricted by legal provisions are committed by council ordinance to be utilized for capital projects.

Assigned Fund Balance Policy

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds.
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Adoption of New Accounting Standards

The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended September 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the City's beginning of year net position.

The City adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended September 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's beginning of year net position.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2025. The City will evaluate the potential impact on the City's net position.

Statement No.	Title	Adoption Required
103	<i>Financial Reporting Model Improvements</i>	September 30, 2026
104	<i>Disclosure of Certain Capital Assets</i>	September 30, 2026
105	<i>Subsequent Events</i>	September 30, 2027

Note II - Detailed Notes on all Funds

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash and Cash Equivalents" and "Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity. State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2025, the bank balances of the City's demand deposits were \$9,248,729. Accounts with a balance under \$250,000 in either an interest-bearing account or non-interest-bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been collateralized and meets the statutes' requirements.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

As of September 30, 2025, the City's cash and investment pool portfolio are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase. The City's cash and investment portfolio, excluding the fiduciary fund, held the following cash, cash equivalents, and investments as of September 30, 2025:

Cash on hand (petty cash, cashier tills)	\$ 87,646
Demand Deposit Accounts	9,093,796
Investment Pools	85,534,247
Federal Agency Commercial Mortgage- Backed Securities	1,347,060
Federal Agency Bond/Note	36,793,978
Municipal Bond/Note	18,882,776
Commercial Paper	3,676,146
U.S. Treasury Bond/Note	41,651,888
Total Deposits and Investments	\$ 197,067,537

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2025, the City did not own any types of securities other than those permitted by statute.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. TexasRange and TexasConnect are directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. TexPool, TexasConnect and TexasRange are carried at amortized cost.

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's website. As of September 30, 2025, the City, excluding the fiduciary fund, held the following investments:

Investment Type	WAM	S&P Rating	Moody Rating	Carrying Value
Investment Pools:				
TexPool	1	AAAm	N/A	\$ 21,022,219
TexasRange	1	AAAm	N/A	5,865,553
TexasConnect	1	AAAm	N/A	58,646,475
Federal Agency Commercial Mortgage- Backed Securities	961	AAA, AA+ AA, AA-	Aaa Aa1, Aa2, Aa3	1,347,060
Federal Agency Bond/Note	961	AA+	Aaa	36,793,978
Municipal Bond/Note	690	A+, AA, AA+	Aa3	18,882,776
Commercial Paper	70	AAA	Aaa	3,676,146
U.S. Treasury Bond/Note	1,398	AA+	Aaa	41,651,888
Total Portfolio	363			\$ 187,886,095

In accordance with GASB Statement No. 72, "Fair Value Measurement and Application," the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Interest Rate Risk

Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent. In conjunction with JP Morgan Chase, the City has exercised the option to accept a Federal Home Loan Bank Irrevocable Standby Letter of Credit, as the first \$8,900,000 of collateral.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

<u>Maturity of Collateral</u>	<u>U.S. Treasuries</u>	<u>Other Securities</u>
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on fair value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk

The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Other Post-Employment Benefit (“OPEB”) Trust Fund Investments

The City has contracted with Public Agency Retirement Services (“PARS”) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of September 30, 2025 all investments are registered in the name of the OPEB Plan’s custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$3,261,949 as of December 31, 2024. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust’s funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- **Interest Rate Risk** – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to ensure that exposure to these market fluctuations is appropriate.
- **Custodial Credit Risk** – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collateral agreement or FDIC insurance.
- **Credit Risk** – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2025:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value:				
Federal Agency Bond/Note	\$ 36,793,978	\$ 5,438,368	\$ 31,355,610	\$ -
Federal Agency Commercial Mortgage- Backed Securities	1,347,060	-	1,347,060	-
Municipal Bond/Note	18,882,776	-	18,882,776	-
Commercial Paper	3,676,146	828,578	2,847,568	-
U.S. Treasury Bond/Note	41,651,888	15,265,638	26,386,250	-
Investment in OPEB Trust	3,261,949	-	-	3,261,949
Total investments measured at fair value	<u>\$ 105,613,797</u>	<u>\$ 21,532,584</u>	<u>\$ 80,819,264</u>	<u>\$ 3,261,949</u>
Investments measured at amortized cost - TexasRange	5,865,553			
Investments measured at amortized cost - TexPool	21,022,219			
Investments measured at amortized cost - TexasConnect	<u>58,646,475</u>			
Total investments	<u>\$ 191,148,044</u>			

Certain investments that are measured using amortized cost have not been classified in the fair value hierarchy.

Investments in State Investment Pools

During the year, the City invested in multiple public investment pools, including TexPool, TexasRange, and TexasConnect. TexasRange, TexPool and TexasConnect are measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Accounts	\$ 3,934,998	\$ -	\$ -	\$ -	\$ -	\$ 314,406	\$ 4,249,404
Property taxes	1,610,887	-	-	-	-	-	1,610,887
Other taxes	2,585,635	-	-	1,236,730	-	1,353,162	5,175,527
Interest	57,923	65,496	4,435	22,276	6,413	35,348	191,891
Special assessments	-	132,657	-	-	-	-	132,657
Intergovernmental	391,382	71,760	-	-	455,521	-	918,663
Leases	1,274,974	-	-	-	-	-	1,274,974
Other	283,959	-	-	42,699	-	16,447	343,105
Total	10,139,758	269,913	4,435	1,301,705	461,934	1,719,363	13,897,108
Allowance	(1,447,604)	-	-	-	-	(5,608)	(1,453,212)
Total (net of allowance)	\$ 8,692,154	\$ 269,913	\$ 4,435	\$ 1,301,705	\$ 461,934	\$ 1,713,755	\$ 12,443,896

	Utility	Aquatic Park	Golf	Total Enterprise Funds	Internal Service
Accounts	\$ 9,214,796	\$ 66,958	\$ 110,151	\$ 9,391,905	\$ 117,066
Interest	68,327	8,494	171	76,992	72,250
Leases	-	-	-	-	-
Total	9,283,123	75,452	110,322	9,468,897	189,316
Allowance	(228,628)	-	-	(228,628)	-
Total (net of allowance)	\$ 9,054,495	\$ 75,452	\$ 110,322	\$ 9,240,269	\$ 189,316

Lease Receivable

The City leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2026 through 2039. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$102,492 in lease revenue and \$28,264 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the City's receivable for lease payments was \$1,274,974. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2025, the balance of the deferred inflow of resources was \$1,220,493.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total Receipts
2026	\$ 78,086	\$ 26,460	\$ 104,546
2027	88,917	24,711	113,628
2028	93,915	22,740	116,655
2029	95,940	20,715	116,655
2030	98,009	18,646	116,655
2031-2035	475,433	62,433	537,866
2036-2039	344,674	12,837	357,511
Total	<u>\$ 1,274,974</u>	<u>\$ 188,542</u>	<u>\$ 1,463,516</u>

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue were as follows:

	Unearned Revenue
General Fund:	
Grant proceeds	\$ 10,621
Escrow deposits	17,993
Advanced proceeds	51,483
Total General Fund	<u>80,097</u>
Parks and Recreation Development:	
Centre and event deposits for future services	121,311
Capital Projects Fund:	
Grant proceeds	1,989,848
Grants Fund:	
Grant proceeds	2,376,181
Nonmajor Governmental Funds:	
Grant proceeds	249,813
Miscellaneous	7,762
Total Nonmajor Governmental Funds	<u>257,575</u>
Nonmajor Enterprise Funds:	
Advanced Payments, Gift Certificates, Store Credit	85,770
Total Unearned Revenue	<u>\$ 4,910,782</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

C. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the primary government for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 80,960,171	\$ 549,426	\$ -	\$ -	\$ 81,509,597
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	26,750,535	22,400,764	-	(16,102,746)	33,048,553
Total capital assets, not being depreciated/amortized:	108,035,526	22,950,190	-	(16,102,746)	114,882,970
Capital, lease and subscription assets, being depreciated/amortized:					
Buildings	131,048,884	425,503	-	46,120	131,520,507
Other improvements	290,072,560	131,253	-	11,717,831	301,921,644
Machinery and equipment	52,462,919	945,500	(700,092)	4,338,795	57,047,122
Lease equipment	142,523	-	(142,523)	-	-
Subscription assets	990,199	3,408,688	-	-	4,398,887
Total capital, lease and subscription asset, being depreciated/amortized:	474,717,085	4,910,944	(842,615)	16,102,746	494,888,160
Less accumulated depreciation/amortization for:					
Buildings	(51,018,798)	(4,516,012)	-	-	(55,534,810)
Other improvements	(150,180,067)	(7,070,602)	-	-	(157,250,669)
Machinery and equipment	(31,197,166)	(5,847,577)	706,443	-	(36,338,300)
Lease equipment	(116,886)	(25,637)	142,523	-	-
Subscription assets	(289,981)	(923,784)	-	-	(1,213,765)
Total accumulated depreciation/amortization	(232,802,898)	(18,383,612)	848,966	-	(250,337,544)
Total capital, lease and subscription assets being depreciated/amortized, net	241,914,187	(13,472,668)	6,351	16,102,746	244,550,616
Governmental Activities - Net	\$ 349,949,713	\$ 9,477,522	\$ 6,351	\$ -	\$ 359,433,586
Business-type Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 2,579,137	\$ -	\$ -	\$ -	\$ 2,579,137
Construction in progress	14,768,590	7,157,497	(36,106)	(66,076)	21,823,905
Total capital assets, not being depreciated/amortized:	17,347,727	7,157,497	(36,106)	(66,076)	24,403,042
Capital and lease assets, being depreciated/amortized:					
Buildings	3,278,391	-	-	-	3,278,391
Utility plant	152,264,797	21,016	-	42,202	152,328,015
Other improvements	12,961,140	-	(1)	-	12,961,139
Machinery and equipment	29,323,616	366,614	(37,351)	23,874	29,676,753
Lease equipment	634,404	61,709	-	-	696,113
Total capital and lease asset, being depreciated/amortized:	198,462,348	449,339	(37,352)	66,076	198,940,411
Less accumulated depreciation/amortization for:					
Buildings	(1,373,555)	(89,411)	-	-	(1,462,966)
Utility plant	(95,488,337)	(3,612,699)	-	-	(99,101,036)
Other improvements	(6,836,856)	(154,760)	-	-	(6,991,616)
Machinery and equipment	(22,151,155)	(1,263,271)	-	-	(23,414,426)
Lease equipment	(23,496)	(151,059)	-	-	(174,555)
Total accumulated depreciation/amortization	(125,873,399)	(5,271,200)	-	-	(131,144,599)
Total capital and lease assets being depreciated/amortized, net	72,588,949	(4,821,861)	(37,352)	66,076	67,795,812
Business-type Activities - Net	\$ 89,936,676	\$ 2,335,636	\$ (73,458)	\$ -	\$ 92,198,854

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

	Depreciation/ Amortization Expense
Governmental Activities:	
General government	\$ 5,593,045
Public safety	915,924
Culture and recreation	3,095,966
Public works	5,879,607
Facilities and construction	671,829
Fleet services	1,014,640
Self insurance	248
Information systems	1,212,353
Total Governmental Activities	\$ 18,383,612
	Depreciation/ Amortization Expense
Business-type Activities:	
Utility	\$ 3,986,133
Aquatic park	970,976
Golf course	314,091
Total Business-type Activities	\$ 5,271,200

Construction Commitments

The City has active construction projects as of September 30, 2025. The projects include street construction, widening, and streetscaping, as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	Project Authorization	Stored and Completed to Date	Remaining Commitment
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	\$ 178,737,965	\$ 24,844,939	\$ 153,893,026

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrances
General Fund	\$ 107,818
General Capital Projects	7,928,402
Parks and Recreation Development	55,184
Grants	1,428,377
Nonmajor Governmental Funds	53,474
Utility	414,524
Aquatic	636,754
Golf	9,603
Internal Service Funds	1,707,685
Total	\$ 12,341,821

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

D. Interfund Receivables, Payables, and Transfers

Current Interfund Balances. At September 30, 2025, the City had current interfund balances as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Aquatic Park (Enterprise Fund)	<u>\$ 1,740,715</u>

Interfund balances for the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less.

Long-term Interfund Balances. In fiscal year 2018, the City approved a long-term interfund loan to be paid in future years payable from the Aquatic Park to the Self-Insurance fund. The original amount of the loan was \$500,000 and the amount outstanding as of September 30, 2025 was \$500,000.

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfers in:							Total
	General Fund	General Capital Projects	General Debt Service	Grants	Non-major Governmental	Aquatic Park	Internal Service Funds	
Transfers out:								
Governmental:								
General Fund	\$ -	\$ 2,640,000	\$ -	\$ 302,754	\$ 89,914	\$ -	\$ 239,044	\$ 3,271,712
Parks and Recreation								
Development	469,207	2,611,319	421,005	-	185,358	1,810,000	-	5,496,889
Grants Fund	729,075	-	-	-	-	-	14,797	743,872
Non-major Governmental	-	593,030	184,800	135,491	71,743	-	-	985,064
Subtotal governmental funds	<u>1,198,282</u>	<u>5,844,349</u>	<u>605,805</u>	<u>438,245</u>	<u>347,015</u>	<u>1,810,000</u>	<u>253,841</u>	<u>10,497,537</u>
Proprietary:								
Utility	4,549,420	524,359	-	-	-	-	175,000	5,248,779
Subtotal enterprise funds	<u>4,549,420</u>	<u>524,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>5,248,779</u>
Internal service funds	-	1,872,050	216,300	-	-	-	-	2,088,350
Total	<u>\$ 5,747,702</u>	<u>\$ 8,240,758</u>	<u>\$ 822,105</u>	<u>\$ 438,245</u>	<u>\$ 347,015</u>	<u>\$ 1,810,000</u>	<u>\$ 428,841</u>	<u>\$ 17,834,666</u>

Transfers are used to move resources between funds to provide sufficient resources to perform the expected services and functions for the year.

During fiscal year 2025, the City of North Richland Hills made one-time transfers. These transfers included:

- General Fund received a total of \$5,747,702 from other funds. Parks and Recreation Development fund transferred \$469,207 for indirect costs and to cover its portion of a sales tax based economic development incentive. Grants fund transferred \$729,075 to cover eligible costs incurred by the General Fund. Utility fund transferred \$4,549,420 for payment of administrative fees, payment in lieu of tax and franchise fees.
- General Capital Projects fund received \$2,640,000 from the General Fund for street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development fund transferred \$2,611,319 for capital projects associated with the Parks system. Utility fund transferred \$524,359, Drainage Utility fund (Non-major Governmental fund) transferred \$125,000, \$14,639 was transferred from the Donations fund (Non-major Governmental fund), \$177,886 was transferred from the PEG Access Fee fund (Non-major Governmental fund) and \$275,505 was transferred from the Traffic Safety fund (Non-major Governmental fund) for capital projects. Internal service funds transferred \$1,872,050 for capital projects.
- General Debt Service fund received transfers from self-supporting debt repayment sources. Parks and Recreation Development fund and non-major governmental funds transferred \$421,005 and \$184,000, respectively. Internal service funds transferred \$216,300 for debt repayments during the year.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

- c. Grants fund received \$302,754 from the General Fund and \$135,791 from Crime Control District fund (Non-major Governmental fund) for local required funding for grants.
- d. Non-major Governmental funds received \$89,914 from the General Fund to cover costs of the Court Special Revenue fund and Special Investigations fund, \$185,358 from the Parks and Recreation Development fund for economic development projects and \$71,743 between the PID Debt Service and PID Capital Projects Funds.
- e. Aquatic Park fund received \$1,810,000 from the Parks and Recreation Development fund for capital projects and improvements at the NRH20 water park.
- f. Information Technology internal service fund received \$239,044 transferred from the General Fund and \$175,000 transferred from the Utility fund to help offset non-capital project related costs above normal operations. In addition, the Fleet Services internal service fund received \$14,797 from the Grants fund to reimburse the Fleet Services fund for vehicles purchased with grant funds.

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.75 - 5.25%	\$ 67,125,000
Business-type activities	2.29 - 5.00%	1,235,000
		<u>\$ 68,360,000</u>

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 6,280,000	\$ 2,360,294	\$ 385,000	\$ 43,238
2027	6,100,000	2,134,721	330,000	29,300
2028	6,085,000	1,895,855	295,000	15,675
2029	5,880,000	1,659,646	210,000	5,025
2030	5,600,000	1,434,191	15,000	375
2031-2035	20,075,000	4,507,816	-	-
2036-2040	12,505,000	1,927,934	-	-
2041-2044	4,600,000	214,094	-	-
	<u>\$ 67,125,000</u>	<u>\$ 16,134,551</u>	<u>\$ 1,235,000</u>	<u>\$ 93,613</u>

Private placement general obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.290%	\$ 115,000
Business-type activities	2.290%	40,000
		<u>\$ 155,000</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Annual debt service requirements to maturity for private placement general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 60,000	\$ 1,947	\$ 20,000	\$ 687
2027	55,000	630	20,000	229
	<u>\$ 115,000</u>	<u>\$ 2,577</u>	<u>\$ 40,000</u>	<u>\$ 916</u>

Certificates of Obligation

The City also issues certificates of obligation ("CO's") to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. The bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.00%	\$ 24,485,000
Business-type activities	1.57 - 5.00%	28,170,000
		<u>\$ 52,655,000</u>

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 3,725,000	\$ 950,233	\$ 2,075,000	\$ 1,088,157
2027	3,435,000	797,380	2,075,000	1,002,617
2028	2,725,000	660,380	2,075,000	915,233
2029	2,295,000	547,530	2,075,000	829,699
2030	2,135,000	451,454	2,070,000	749,170
2031-2035	8,645,000	973,951	9,040,000	2,612,350
2036-2040	1,525,000	67,081	6,600,000	1,027,963
2041-2045	-	-	2,160,000	130,019
	<u>\$ 24,485,000</u>	<u>\$ 4,448,009</u>	<u>\$ 28,170,000</u>	<u>\$ 8,355,208</u>

Private placement certificates of obligation currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	N/A	\$ -
Business-type activities	1.57%	635,000
		<u>\$ 635,000</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Annual debt service requirements to maturity for private placement certificates of obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 60,000	\$ 9,499
2027	-	-	60,000	8,557
2028	-	-	60,000	7,615
2029	-	-	60,000	6,673
2030	-	-	60,000	5,731
2031-2035	-	-	280,000	15,151
2036-2039	-	-	55,000	432
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,000</u>	<u>\$ 53,658</u>

Special Assessment Bonds – City Point Improvement District (TIF #3)

The City has issued Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone A Project) in the amount of \$2,615,000 and Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone B Project) in the amount of \$8,965,000. The City Point Public Improvement District (the “District” was created for the purpose of undertaking and financing certain public improvements within the district as authorized by the PID Act and approved by the City Council. The City will pay the project costs for the improvement within Zone A and Zone B from proceeds of the corresponding bonds.

Special assessment bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	4.50 - 5.63%	\$ 7,485,000

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2026	\$ 205,000	\$ 400,719
2027	215,000	390,369
2028	230,000	379,513
2029	240,000	367,906
2030	245,000	355,755
2031-2035	1,450,000	1,568,463
2036-2040	1,935,000	1,125,231
2041-2045	1,285,000	665,963
2046-2050	1,680,000	281,113
	<u>\$ 7,485,000</u>	<u>\$ 5,535,032</u>

Lease Liabilities

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire 2029 through 2030. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

As of September 30, 2025, the value of the lease liabilities was \$539,855 for business-type activities. Incremental borrowing rates of 0.9160 percent to 7.9900 percent were used to measure lease liabilities. The value of the right-to-use assets as of the end of the current fiscal year was \$696,113 for business-type activities and had accumulated amortization of \$174,555 for business-type activities.

Purpose	Interest Rates	Principal Amount
Governmental activities	N/A	\$ -
Business-type activities	0.9160% - 7.9900%	539,855
		<u>\$ 539,855</u>

The future principal and interest payments for lease liabilities as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 144,757	\$ 35,349
2027	-	-	156,081	24,025
2028	-	-	168,326	11,780
2029	-	-	67,477	1,167
2030	-	-	3,214	13
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,855</u>	<u>\$ 72,334</u>

Subscription Liabilities

The City has subscription IT arrangements to conduct its operations, the terms of which expire 2026 through 2029. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

As of September 30, 2025, the value of the subscription liabilities was \$3,231,791. An incremental borrowing rate of 3.1440 percent to 4.5000 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2025, was \$4,398,887 and had accumulated amortization of \$1,213,765 .

The future principal and interest payments for subscription liabilities as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2026	\$ 988,886	\$ 136,710
2027	893,654	96,285
2028	879,527	59,166
2029	469,724	21,093
	<u>\$ 3,231,791</u>	<u>\$ 313,254</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-term liability activity for the year ended September 30, 2025, is reflected in the following tables.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 73,415,000	\$ -	\$ (6,290,000)	\$ 67,125,000	\$ 6,280,000
General obligation bonds- Private placement	175,000	-	(60,000)	115,000	60,000
Certificates of obligation	28,560,000	-	(4,075,000)	24,485,000	3,725,000
Special assessment bonds	7,680,000	-	(195,000)	7,485,000	205,000
Lease liabilities	28,221	-	(28,221)	-	-
Subscription liabilities	661,767	3,407,254	(837,230)	3,231,791	988,886
Premium on bond issues	6,809,997	-	(663,983)	6,146,014	-
Arbitrage liability	2,062,765	-	(20,161)	2,042,604	688,917
Compensated absences	4,839,506	554,080	-	5,393,586	684,115
Total Governmental Activities	<u>\$ 124,232,256</u>	<u>3,961,334</u>	<u>(12,169,595)</u>	<u>116,023,995</u>	<u>12,631,918</u>
Business-type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,630,000	\$ -	\$ (395,000)	\$ 1,235,000	\$ 385,000
General obligation bonds- Private placement	60,000	-	(20,000)	40,000	20,000
Certificates of obligation	25,150,000	5,105,000	(2,085,000)	28,170,000	2,075,000
Certificates of obligation - Private placement	695,000	-	(60,000)	635,000	60,000
Leases	612,894	61,709	(134,748)	539,855	144,757
Premium on bond issues	1,061,760	446,867	(61,465)	1,447,162	-
Arbitrage liability	293,872	67,441	-	361,313	8,441
Compensated absences	452,236	-	(1,479)	450,757	57,125
Total Business-type Activities	<u>\$ 29,955,762</u>	<u>\$ 5,681,017</u>	<u>\$ (2,757,692)</u>	<u>\$ 32,879,087</u>	<u>\$ 2,750,323</u>

The liability for the pension and OPEB-related liabilities are paid from the General Fund, Special Revenue Funds (Drainage, Crime Control District, and Parks and Recreation Development), enterprise funds, and internal service funds based on the assignment of an employee at termination. Changes in compensated absences balances are reflected net.

Current Year Debt Issuances

In January 2025, the City issued Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2025 in the amount of \$5,105,000. The bonds were issued at a premium of \$446,867 and mature in fiscal year 2044 with interest rates ranging from 4.00% to 5.00%. The proceeds of the sale will be used for (i) designing, constructing, improving, and equipping park and recreation facilities that are generally accessible to the public and are part of the City park system, and (ii) professional services rendered in relation to such projects and the financing thereof.

Note III - Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of \$150,000 and/or \$10,470,129 in the aggregate for a 12-month period beginning on January 1, 2025. Changes in the balances of claims liabilities during the past two years are as follows:

	2025	2024
Unpaid claims, beginning of year	\$ 749,000	\$ 738,000
Incurred claims (including IBNR)	14,164,037	16,618,434
Claim payments	(14,040,037)	(16,607,434)
Unpaid claims, end of year	<u>\$ 873,000</u>	<u>\$ 749,000</u>

B. Contingent Liabilities

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and is not aware of any pending litigation with a material impact.

C. Deferred Compensation Plan - 457(b) Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Agency Retirement System. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* and in 2020 the City implemented the requirements of GASB No. 84, *Fiduciary Activities*. In accordance with these statements and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

D. Defined Benefit Pension Plan

Plan Description

The City of North Richland Hills participates as one of over 930 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, or 5 years at a 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI, repeating

Employees Covered by Benefit Terms

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	502
Inactive employees entitled to but not yet receiving benefits	389
Active employees	567
	<u>1,458</u>

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 17.91% and 18.27% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$8,811,315, and were equal to the required contributions.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investment was determined by best estimate ranges of expected returns for each major asset class. These long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Other Private Markets	4.0%	7.30%
Real Estate	12.0%	6.70%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Infrastructure	6.0%	6.00%
Total	100.0%	

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Basis of Allocation

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2025, those percentages were 83% and 17%, respectively, which approximated the prior year's allocations.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at October 1, 2024	\$ 334,288,826	\$ 300,618,183	\$ 33,670,643
Changes for the year:			
Service cost	9,178,815	-	9,178,815
Interest	22,342,705	-	22,342,705
Difference between expected and actual experience	2,934,466	-	2,934,466
Change in assumptions	-	-	-
Contributions - employer	-	8,688,828	(8,688,828)
Contributions - employee	-	3,395,967	(3,395,967)
Net investment income	-	31,203,370	(31,203,370)
Benefits payments, including refunds of employee contributions	(15,750,401)	(15,750,401)	-
Administrative expense	-	(200,326)	200,326
Other changes	-	(4,685)	4,685
Net changes	18,705,585	27,332,753	(8,627,168)
Balance at September 30, 2025	\$ 352,994,411	\$ 327,950,936	\$ 25,043,475

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75)%	Discount Rate (6.75)%	1% Increase in Discount Rate (7.75)%
City's Net Pension Liability (Asset)	\$ 73,573,769	\$ 25,043,475	\$ (14,901,443)

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$9,996,414.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 3,226,400
Difference in assumption changes	-	920,062
Difference between expected and actual experience	4,291,716	-
Contributions subsequent to the measurement date	<u>6,462,701</u>	<u>-</u>
	<u>\$ 10,754,417</u>	<u>\$ 4,146,462</u>

\$6,462,701 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2026	\$ 1,875,646
2027	4,583,571
2028	(4,131,636)
2029	<u>(2,182,327)</u>
	<u>\$ 145,254</u>

E. Other Postemployment Benefit (OPEB) Plan

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single employer defined benefit OPEB plan administered by the City of North Richland Hills Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. The City does not have a stand-alone financial report for the retiree health plan. A more detailed description of the plan is as follows:

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Eligibility

Full-time employees of the City who meet the City's requirements are eligible to participate in the retiree health care plan. Upon terminating from active service, employees must have separated in "good standing", be eligible to retire under the Texas Municipal Retirement System (age 60 with 5 years of service or 20 years of service at any age) with the declared intent to begin to receive an annuity check from TMRS, and must have been covered under the City's health plan on the retiree's last day of active employment. Reduced premium rates for medical and dental coverage are offered to eligible retirees that have attained age 55 at retirement and meet one of the following plan rules:

Plan Rule	Multiplier
90 Plan	1.00
85 Plan	1.25
80 Plan	1.50
Access Plan	1.75

To be eligible for the 90 Plan, 85 Plan or 80 Plan, retirees must have attained the applicable combined number of years of service plus age at time of retirement. To be eligible for the Access Plan, retirees must have attained age 60 with at least 10 years of service. Service requirements are based on continuous service with the City of North Richland Hills.

Benefits Provided

Pre-65 medical premiums for 90 Plan retirees will be set to 20% of the total cost. Dental premiums for 90 Plan retirees are also reduced. For retirees that meet one of the other Plan Rules, applicable multiplier is applied to the premium rates for 90 Plan retirees. Medical coverage through the City's pre-65 health plan ceases when retirees/spouses become eligible for Medicare benefits. Vision benefits are available to retirees through a fully insured plan in which retirees pay 100% of the vision premiums. The City does not provide life insurance coverage for retirees or their dependents.

A measurement date of December 31, 2024, was used for the September 30, 2025, liability and expense. The information that follows was determined as of a valuation date of December 31, 2023:

Retirees and beneficiaries	182
Inactive, nonretired members	-
Active members	553
Total	735

The contribution requirements of plan members and the City are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund. For measurement year ended December 31, 2024, the City's contributions to the plan were \$1,709,475, which consist entirely of benefit payments.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was based on an actuarial valuation performed as of December 31, 2023. The following are the significant actuarial methods and assumptions:

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Actuarial Valuation Date: December 31, 2023

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	4.43% as of December 31, 2024 (4.15% in prior year)
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	85% for retirees meeting eligibility requirements for the 90 Plan; 75% for retirees meeting eligibility requirements for the 85 Plan; 60% for retirees meeting eligibility requirements for the 80 Plan; 60% for retirees meeting eligibility requirements for the Access Plan; 0% for retirees who are not eligible for any of the Plan Rules.

Notes: The Single Discount Rate changed from 4.15% as of December 31, 2023 to 4.43% as of December 31, 2024.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.00%; the municipal bond rate is 4.08% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 4.43%.

Basis of Allocation

OPEB items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2025, those percentages were 90% and 10%, respectively, which approximated the prior year's allocations.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2023	\$ 27,545,011	\$ 2,988,834	\$ 24,556,177
Service cost	1,004,900	-	1,004,900
Interest	1,128,498	-	1,128,498
Difference between expected and actual experience	(77,195)	-	(77,195)
Changes of assumptions	(718,323)	-	(718,323)
Contributions - employer	-	1,709,475	(1,709,475)
Net investment income	-	291,569	(291,569)
Benefit payments, including refunds of employee contributions	(1,709,475)	(1,709,475)	-
Administrative expense	-	(18,454)	18,454
Net changes	(371,595)	273,115	(644,710)
Balance at December 31, 2024	\$ 27,173,416	\$ 3,261,949	\$ 23,911,467

Changes of assumptions reflect a change in the Single Discount Rate from 4.15% as of December 31, 2023 to 4.43% as of December 31, 2024.

Consistent with the requirements of GASB Statements No. 74 and No. 75, employer contributions include “amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets.” The employer contributions of \$1,709,475 consist entirely of benefit payments, which were paid by the City using its own assets.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule presents the net OPEB liability of the City, calculated using the discount rate of 4.43%, as well as what the City’s net OPEB liability would be if it were calculate using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate (3.43)%	Discount Rate (4.43)%	1% Increase in Discount Rate (5.43)%
City's Net OPEB Liability	\$ 26,610,787	\$ 23,911,467	\$ 21,557,281

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate, as well as what the City’s net OPEB liability would be if it were calculate using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's Net OPEB Liability	\$ 20,955,578	\$ 23,911,467	\$ 27,463,213

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB's plan Fiduciary Net Position is available in the basic financial statements section of the City of North Richland Hills Annual Comprehensive Financial Report for the year-ended September 30, 2025. The plan's Fiduciary Net Position as a percentage of Total OPEB Liability was 12.00% at September 30, 2025.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense (income) of \$(1,477,115).

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in assumption changes	\$ 2,132,300	\$ 4,679,189
Difference between expected and actual experience	-	10,330,243
Net difference between projected and actual investment earnings	13,474	-
Contributions subsequent to the measurement date	934,821	-
	<u>\$ 3,080,595</u>	<u>\$ 15,009,432</u>

\$934,821 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	Amount
2026	\$ (3,368,713)
2027	(2,759,669)
2028	(2,231,852)
2029	(2,241,952)
2030	(106,857)
Thereafter	(2,154,615)
	<u>\$ (12,863,658)</u>

F. Tax Incentive Rebates

The City of North Richland Hills currently has four (4) active Commercial Development and Job-Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreement is subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the ad valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a claw-back provision for default on agreement is included in the agreement and agrees to return a percentage of the rebate back to the City. Total rebate of taxes for fiscal year 2025 was \$267,174.



Required Supplementary Information



CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For the Last Ten Measurement Years

	Measurement Year December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 9,178,815	\$ 8,103,049	\$ 7,471,479	\$ 7,090,461	\$ 6,818,264	\$ 6,689,567	\$ 6,406,497	\$ 6,191,617	\$ 5,991,326	\$ 5,732,122
Interest (on the total pension liability)	22,342,705	21,291,104	20,215,755	19,044,318	18,175,404	17,239,979	16,482,949	15,687,433	14,990,680	14,861,355
Difference between expected and actual experience	2,934,466	2,502,664	1,618,053	3,813,382	(58,137)	767,788	(455,398)	523,226	(1,803,452)	(1,819,900)
Change of assumptions	-	(1,788,046)	-	-	-	409,737	-	-	-	(452,493)
Benefit payments, including refunds of employee contributions	(15,750,401)	(14,384,381)	(12,995,547)	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)
Net Change in Total Pension Liability	18,705,585	15,724,390	16,309,740	17,375,613	13,110,406	14,305,663	10,514,805	12,872,939	10,795,025	9,361,375
Total Pension Liability - Beginning	334,288,826	318,564,436	302,254,696	284,879,083	271,768,677	257,463,014	246,948,209	234,075,270	223,280,245	213,918,870
Total Pension Liability - Ending (a)	\$ 352,994,411	\$ 334,288,826	\$ 318,564,436	\$ 302,254,696	\$ 284,879,083	\$ 271,768,677	\$ 257,463,014	\$ 246,948,209	\$ 234,075,270	\$ 223,280,245
Plan Fiduciary Net Position										
Contributions - employer	\$ 8,688,828	\$ 7,537,419	\$ 6,841,395	\$ 6,517,324	\$ 6,081,331	\$ 6,008,691	\$ 5,737,359	\$ 5,623,410	\$ 5,409,161	\$ 5,468,306
Contributions - employee	3,395,967	3,069,337	2,848,888	2,710,717	2,605,232	2,604,392	2,491,416	2,410,529	2,328,666	2,280,541
Net investment income	31,203,370	31,577,919	(21,744,788)	34,769,354	19,045,720	33,921,847	(6,894,711)	28,219,967	12,939,363	284,162
Benefit payments, including refunds of employee contributions	(15,750,401)	(14,384,381)	(12,995,547)	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)
Administrative expense	(200,326)	(201,026)	(188,258)	(160,913)	(123,279)	(191,704)	(133,257)	(146,245)	(146,139)	(173,081)
Other	(4,685)	(1,405)	224,648	1,102	(4,810)	(5,759)	(6,962)	(7,411)	(7,874)	(8,547)
Net Change in Plan Fiduciary Net Position	27,332,753	27,597,863	(25,013,662)	31,265,036	15,779,069	31,536,059	(10,725,398)	26,570,913	12,139,648	(1,108,328)
Plan Fiduciary Net Position - Beginning	300,618,183	273,020,320	298,033,982	266,768,946	250,989,877	219,453,818	230,179,216	203,608,303	191,468,655	192,576,983
Plan Fiduciary Net Position - Ending (b)	\$ 327,950,936	\$ 300,618,183	\$ 273,020,320	\$ 298,033,982	\$ 266,768,946	\$ 250,989,877	\$ 219,453,818	\$ 230,179,216	\$ 203,608,303	\$ 191,468,655
Net Pension Liability - Ending (a) - (b)	\$ 25,043,475	\$ 33,670,643	\$ 45,544,116	\$ 4,220,714	\$ 18,110,137	\$ 20,778,800	\$ 38,009,196	\$ 16,768,993	\$ 30,466,967	\$ 31,811,590
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.91%	89.93%	85.70%	98.60%	93.64%	92.35%	85.24%	93.21%	86.98%	85.75%
Covered Payroll	\$ 48,513,821	\$ 43,847,667	\$ 40,672,177	\$ 38,724,529	\$ 37,217,597	\$ 37,205,542	\$ 35,591,651	\$ 34,436,087	\$ 33,266,663	\$ 32,568,873
Net Pension Liability as a Percentage of Covered Payroll	51.62%	76.79%	111.98%	10.90%	48.66%	55.85%	106.79%	48.70%	91.58%	97.67%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF PENSION CONTRIBUTIONS
For the Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 8,811,315	\$ 8,173,351	\$ 7,447,454	\$ 6,677,664	\$ 6,384,064	\$ 6,318,501	\$ 5,905,942	\$ 5,727,471	\$ 5,559,812	\$ 5,417,111
Contributions in relation to the actuarially determined contribution	8,811,315	8,173,351	7,447,454	6,677,664	6,384,064	6,318,501	5,905,942	5,727,471	5,559,812	5,417,111
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,486,715	\$ 46,064,389	\$ 43,553,577	\$ 39,820,111	\$ 38,194,320	\$ 38,791,732	\$ 36,587,770	\$ 35,403,126	\$ 34,086,933	\$ 33,017,098
Contributions as a percentage of covered payroll	18.17%	17.74%	17.10%	16.77%	16.71%	16.29%	16.14%	16.18%	16.31%	16.41%

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year Smoothed Market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age and are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB (10) mortality tables, with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information: There were no benefit changes during the year.

CITY OF NORTH RICHLAND HILLS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Last Eight Measurement Years

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 1,004,900	\$ 1,120,666	\$ 1,313,361	\$ 1,346,438	\$ 1,181,994	\$ 1,415,009	\$ 1,380,982	\$ 3,033,865
Interest on the total OPEB liability	1,128,498	1,391,698	878,432	1,012,300	1,175,886	1,748,613	1,612,101	2,939,073
Changes of benefit terms	-	-	2,619,863	-	-	-	-	(36,006,639)
Difference between expected and actual experience	(77,195)	(6,732,068)	(1,131,561)	(4,824,354)	(739,254)	(9,119,458)	(424,223)	-
Change of assumptions	(718,323)	1,242,637	(6,402,288)	602,574	2,282,881	471,134	(1,473,549)	678,308
Benefit payments	(1,709,475)	(1,528,447)	(849,944)	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Net Change in Total OPEB Liability	(371,595)	(4,505,514)	(3,572,137)	(2,820,034)	2,465,539	(6,862,301)	(941,139)	(31,548,141)
Total OPEB Liability - Beginning	27,545,011	32,050,525	35,622,662	38,442,696	35,977,157	42,839,458	43,780,597	75,328,738
Total OPEB Liability - Ending (a)	\$ 27,173,416	\$ 27,545,011	\$ 32,050,525	\$ 35,622,662	\$ 38,442,696	\$ 35,977,157	\$ 42,839,458	\$ 43,780,597
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,709,475	\$ 1,528,447	\$ 949,944	\$ 1,056,992	\$ 1,535,968	\$ 1,477,599	\$ 2,136,450	\$ 2,292,748
Net investment income	291,569	369,756	(436,311)	249,744	310,555	333,159	(79,800)	212,194
Benefit payments	(1,709,475)	(1,528,447)	(849,944)	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Administrative expense	(18,454)	(16,162)	(15,956)	(16,855)	(13,443)	(11,962)	(10,939)	(8,770)
Net Change in Plan Fiduciary Net Position	273,115	353,594	(352,267)	332,889	397,112	421,197	9,261	303,424
Plan Fiduciary Net Position - Beginning	2,988,834	2,635,240	2,987,507	2,654,618	2,257,506	1,836,309	1,827,048	1,523,624
Plan Fiduciary Net Position - Ending (b)	\$ 3,261,949	\$ 2,988,834	\$ 2,635,240	\$ 2,987,507	\$ 2,654,618	\$ 2,257,506	\$ 1,836,309	\$ 1,827,048
Net OPEB Liability - Ending (a) - (b)	\$ 23,911,467	\$ 24,556,177	\$ 29,415,285	\$ 32,635,155	\$ 35,788,078	\$ 33,719,651	\$ 41,003,149	\$ 41,953,549
Plan Fiduciary Net Position as a Percentage of								
Total OPEB Liability	12.00%	10.85%	8.22%	8.39%	6.91%	6.27%	4.29%	4.17%
Covered Payroll	\$ 48,513,821	\$ 43,847,667	\$ 40,672,177	\$ 38,724,529	\$ 37,217,597	\$ 37,205,602	\$ 34,555,433	\$ 33,455,733
Net OPEB Liability as a Percentage of								
Covered Payroll	49.29%	56.00%	72.32%	84.28%	96.16%	90.63%	118.66%	125.40%

Changes of assumptions reflect a change in the Single Discount Rate each period. The following are the discount rates used in each of the periods:

2024	4.43%
2023	4.15%
2022	4.37%
2021	2.45%
2020	2.62%
2019	3.28%
2018	4.08%
2017	3.71%

The demographic assumptions were updated to reflect the 2023 TMRS Experience Study, and the health care trend rates were updated to better reflect the plan's anticipated experience.

Changes of benefit terms reflect an expansion of the definition of years of service as it pertains to eligibility for benefits. The long-term expected rate of investment return was lowered from 6.25% to 6.00% in plan year 2021.

The demographic assumptions were updated to reflect the 2019 TMRS Experience Study, and the health care trend rates were updated to better reflect the plan's anticipated experience and the repeal of the "Cadillac Tax."

Consistent with the requirements of GASB Statement No. 74, the employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The employer contributions shown above were exclusively benefit payments, which were paid by the City using its own assets.

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 48,459,869	\$ 47,318,001	\$ 46,505,821	\$ (812,180)
Fines and forfeitures	1,126,791	1,632,079	1,894,073	261,994
Licenses and permits	2,066,600	2,718,834	2,351,781	(367,053)
Charges for services	3,918,664	3,722,683	7,522,620	3,799,937
Intergovernmental	5,554,581	5,554,581	3,366,804	(2,187,777)
Miscellaneous	2,646,442	2,728,742	2,898,362	169,620
Total Revenues	63,772,947	63,674,920	64,539,461	864,541
Expenditures				
City council	135,436	135,436	109,361	26,075
City manager	876,380	949,948	889,605	60,343
Communications	519,268	517,330	515,289	2,041
City secretary	686,769	691,490	679,302	12,188
Legal	580,166	580,166	533,061	47,105
Human resources	167,452	187,164	169,115	18,049
Finance	943,354	938,018	919,095	18,923
Budget and research	560,088	552,780	522,949	29,831
Municipal court	1,754,989	1,688,853	1,628,288	60,565
Development services	445,371	488,097	452,168	35,929
Economic development	407,552	407,859	408,119	(260)
Library	2,593,127	2,560,922	2,493,950	66,972
Neighborhood services	3,637,047	3,605,193	3,505,339	99,854
Public works	3,532,633	3,465,575	3,340,298	125,277
Parks and recreation	1,620,526	1,626,693	1,600,010	26,683
Police	19,778,294	19,935,389	19,667,380	268,009
Fire	17,331,139	17,485,028	17,072,103	412,925
Facilities and construction management	899,730	899,730	899,730	-
Non-departmental	4,379,574	3,990,290	3,760,376	229,914
Sub-total departments	60,848,895	60,705,961	59,165,538	1,540,423
Other & Reserves				
Capital project transfers	2,640,000	2,640,000	2,640,000	-
Operational transfers	274,052	328,959	328,958	(1)
Planned contributions to fund balance	10,000	-	-	-
Sub-total other & reserves	2,924,052	2,968,959	2,968,958	(1)
Total Expenditures	63,772,947	63,674,920	62,134,496	1,540,422
Net Increase	\$ -	\$ -	2,404,965	\$ 2,404,965
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			1,400,841	
Capital outlay			(1,435,287)	
Debt service principal and interest payments			66,893	
Net change in fund balance - GAAP			\$ 2,437,412	

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL - PARKS AND RECREATION DEVELOPMENT CORPORATION FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales Tax	\$ 7,223,071	\$ 7,300,152	\$ 7,414,294	\$ 114,142
NRH Centre	3,848,902	3,860,902	3,691,845	(169,057)
Tennis Center	546,000	596,000	502,744	(93,256)
Athletic program service	145,000	145,000	177,175	32,175
Park impact fee	45,000	79,000	32,105	(46,895)
Youth association maintenance fees	16,300	16,300	23,214	6,914
Other Income	427,150	267,450	363,182	95,732
Appropriation of fund balance	1,751,442	1,724,417	-	(1,724,417)
Total Revenues	14,002,865	13,989,221	12,204,559	(1,784,662)
Expenses:				
Operating:				
Park facilities development administration	\$ 752,111	\$ 783,958	\$ 797,903	(13,945)
Maintenance and operations	2,348,574	2,290,742	2,234,617	56,125
NRH Centre	3,834,859	3,847,417	3,838,105	9,312
Tennis center operations	707,622	739,496	638,195	101,301
Athletic program services	176,225	175,904	167,618	8,286
Non-departmental	159,264	91,567	88,322	3,245
Sub-total operating	7,978,655	7,929,084	7,764,760	164,324
Other & Reserves:				
Debt service payment	421,005	421,005	421,005	-
Capital project transfers	4,942,421	4,942,421	4,904,404	38,017
Indirect cost and economic development transfers	649,784	651,711	637,315	14,396
Planned contributions to fund balance	(23,000)	11,000	-	11,000
Sub-total other & reserves	5,990,210	6,026,137	5,962,724	63,413
Total Expenditures	13,968,865	13,955,221	13,727,484	227,737
Net Increase (Decrease)	\$ 34,000	\$ 34,000	(1,522,925)	\$ (1,556,925)

Reconciliation between budgetary basis actual and GAAP

Miscellaneous (64,875)

Net change in fund balance - GAAP \$ (1,587,800)

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2025

Note A - Budgetary Information

Prior to the beginning of the fiscal year, the City Council adopts an annual budget which covers the Governmental, Enterprise, and Internal Service Funds. All appropriations lapse at fiscal year-end (September 30th) with the exception of capital projects which carry forward to completion of the project. The budgets for Governmental Funds are prepared on the budget basis, which differs from the modified accrual basis of accounting. Enterprise and Internal Service Funds are prepared on the budget basis and differ from the accounting basis by recognizing debt principal payments, capital outlays as expenditures, and compensated absences as payments come due. Additionally, depreciation is not included as a budgetary expense. The City Manager will submit the proposed budget to City Council in late summer (July or August) and prior to adoption will hold the required public hearings for the proposed budget and proposed tax rate. After the public hearings are held, the City Council will adopt a budget and tax rate through ordinance. The proposed budget becomes effective on October 1st of that calendar year and runs through September 30th of the following calendar year.

The adopted budget is prepared by fund, department, and division. The City Manager is authorized to make inter- departmental and inter-fund transfers during the fiscal year as deemed necessary to avoid over-expenditure of accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. A summary of changes in the adopted operating budget follows.

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

For the Year Ended September 30, 2025

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
General Fund	\$ 63,772,947	\$ 63,674,920	\$ (98,027)	Notable revenue changes include an approximate increase of \$544,000 in Permit revenue, an approximate increase of \$154,000 in Municipal Court Fines, and an approximate increase of \$154,000 in Sales Tax Revenue. Notable Expenditure Changes include an approximate \$945,000 decrease across all divisions due to salary savings and a \$406,000 increase in overtime expenses. Other smaller adjustments make up the remainder.
General Debt Service	14,128,507	14,128,507	-	No changes.
Parks and Recreation	14,002,865	13,955,221	(47,644)	Revenue changes include an increase in Sales Tax Revenue of \$77,081 and the appropriation to fund balance increasing by \$27,025. Expenditure Changes include the Tennis Center operational expenses increasing by \$31,874. Also, approximately \$63,000 decreased in expenses due to salary savings. Other smaller adjustments make up the remainder.
Promotional	469,991	497,253	27,262	The appropriation of fund balance increased by \$27,262. \$39,571 increase in Cultural and Leisure due to expenses from the previous fiscal year. Economic decreased by \$12,000 due to lower-than-expected economic development incentives payout. Other smaller adjustments make up the remainder.
Donations	314,866	323,163	8,297	Expenditure changes include a \$16,361 decrease in Neighborhood Services Programs due to a decreased amount needed for Neighborhood Initiative Program. A \$26,000 increase in Parks and Recreation Programs for event expenses and miscellaneous supplies.
Special Investigations	261,000	261,708	708	Various line-item changes under \$10,000 each.
Drainage Utility	1,853,442	1,874,642	21,200	Investment income and contribution to fund balance increased by \$21,200.

CITY OF NORTH RICHLAND HILLS, TEXAS**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)****For the Year Ended September 30, 2025****Note A - Budgetary Information (continued)**

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Fleet Services	4,723,138	5,210,307	487,169	Operating Expenditures increased a net \$487,169 to take into account an approximate \$576,000 increase in Vehicle Purchases & Upfitting from the previous fiscal year and an approximate (\$94,000) in salary savings.
Self-Insurance	15,169,533	18,275,133	3,105,600	\$3,200,000 increase in Stop-Loss Reimbursement Revenue. \$3,196,278 increase in Health & Medical Expenditures which was mostly offset by Stop-Loss coverage. Contribution of Fund Balance decreased by \$281,340. Other smaller adjustments make up the remainder.
Information Technology	6,233,607	6,399,393	165,786	\$165,786 increase in expenditures for hardware purchases from the prior fiscal year. Appropriation of Fund Balance increased by \$175,811. Other smaller adjustments make up the remainder.
Total	<u>\$ 191,840,496</u>	<u>\$ 200,055,900</u>	<u>\$ 8,215,404</u>	

Other Supplementary Information



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding \$1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property.

The PEG Access Fee Fund accounts for state restricted fees collected and the expenditures using these monies.

The Court Special Revenue Fund accounts for the City's court building security and technology fees that are generated from court citation fines. According to state law, the revenue generated from these fees may only be spent on the municipal court.

CAPITAL PROJECTS FUND

The City Point Development Project Fund accounts for public improvements funded by special assessment debt for the benefit of citizens within TIF #3.

DEBT SERVICE FUNDS

Tax Increment Financing District #3 (TIF #3) Fund is used to accumulate monies for the payment of principal, interest, and related charges on the special assessment bonds of TIF #3.

The City Point Development Bond Fund is used to accumulate monies for the payment of principal, interest, and related charges on the special assessment bonds of the public improvement district.



CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Assets				
Cash and cash equivalents	\$ 584,503	\$ 548,373	\$ 452,713	\$ 2,402,186
Investments	601,096	563,528	458,336	2,449,466
Receivables, net of allowance:				
Accounts	-	-	-	274,855
Other taxes receivable	107,245	-	-	-
Interest receivable	2,729	2,558	2,081	11,129
Other receivables	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Total Assets	\$ 1,295,573	\$ 1,114,459	\$ 913,130	\$ 5,137,636
Liabilities				
Accounts payable	\$ 2,200	\$ 2,678	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits and other liabilities	-	605	13,855	-
Unearned revenue	-	-	249,813	-
Total Liabilities	2,200	3,283	263,668	-
Fund Balances				
Restricted:				
Municipal court technology & security	-	-	-	-
Franchise PEG Fees	-	-	-	-
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	1,293,373	-	-	-
Public safety	-	-	649,462	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	1,111,176	-	-
Drainage Utility	-	-	-	5,137,636
Gas development	-	-	-	-
Total Fund Balances	1,293,373	1,111,176	649,462	5,137,636
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,295,573	\$ 1,114,459	\$ 913,130	\$ 5,137,636

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Special Revenue			
	Crime Control District	Economic Development	Traffic Safety	Gas Development
Assets				
Cash and cash equivalents	\$ 1,139,142	\$ 497,103	\$ 113,847	\$ 948,484
Investments	1,217,220	488,391	112,706	961,754
Receivables, net of allowance:				
Accounts	-	-	-	33,943
Other taxes receivable	1,245,917	-	-	-
Interest receivable	5,526	2,217	-	4,366
Other receivables	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	4,482	-	-	-
Total Assets	\$ 3,612,287	\$ 987,711	\$ 226,553	\$ 1,948,547
Liabilities				
Accounts payable	\$ 3,240	\$ -	\$ -	\$ -
Accrued liabilities	173,077	-	-	-
Deposits and other liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	176,317	-	-	-
Fund Balances				
Restricted:				
Municipal court technology & security	-	-	-	-
Franchise PEG Fees	-	-	-	-
Crime control district	3,435,970	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	987,711	-	-
Public safety	-	-	226,553	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	1,948,547
Total Fund Balances	3,435,970	987,711	226,553	1,948,547
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,612,287	\$ 987,711	\$ 226,553	\$ 1,948,547

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2025

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Debt Service</u>
	<u>PEG Access Fee Fund</u>	<u>Court Special Revenue</u>	<u>City Point Development Project Fund</u>	<u>TIF #3 Debt Service Fund</u>
Assets				
Cash and cash equivalents	\$ 499,962	\$ 521,968	\$ 55,891	\$ 217,533
Investments	510,932	533,473	-	-
Receivables, net of allowance:				
Accounts	-	-	-	-
Other taxes receivable	-	-	-	-
Interest receivable	2,320	2,422	-	-
Other receivables	16,447	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Total Assets	<u>\$ 1,029,661</u>	<u>\$ 1,057,863</u>	<u>\$ 55,891</u>	<u>\$ 217,533</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits and other liabilities	-	5,100	-	-
Unearned revenue	-	-	-	7,762
Total Liabilities	<u>-</u>	<u>5,100</u>	<u>-</u>	<u>7,762</u>
Fund Balances				
Restricted:				
Municipal court technology & security	-	1,052,763	-	-
Franchise PEG Fees	1,029,661	-	-	-
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	-	-	209,771
Public safety	-	-	-	-
Capital projects (bond funded)	-	-	55,891	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Total Fund Balances	<u>1,029,661</u>	<u>1,052,763</u>	<u>55,891</u>	<u>209,771</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,029,661</u>	<u>\$ 1,057,863</u>	<u>\$ 55,891</u>	<u>\$ 217,533</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2025

	<u>Debt Service</u>	
	City Point Development Bond Fund	Total Non-Major Governmental Funds
Assets		
Cash and cash equivalents	\$ 1,151,803	\$ 9,133,508
Investments	-	7,896,902
Receivables, net of allowance:		
Accounts	-	308,798
Other taxes receivable	-	1,353,162
Interest receivable	-	35,348
Other receivables	-	16,447
Assets limited to use:		
Cash and cash equivalents	-	4,482
Total Assets	<u>\$ 1,151,803</u>	<u>\$ 18,748,647</u>
Liabilities		
Accounts payable	\$ -	\$ 8,118
Accrued liabilities	-	173,077
Deposits and other liabilities	-	19,560
Unearned revenue	-	257,575
Total Liabilities	<u>-</u>	<u>458,330</u>
Fund Balances		
Restricted:		
Municipal court technology & security	-	1,052,763
Franchise PEG Fees	-	1,029,661
Crime control district	-	3,435,970
Debt service	1,151,803	1,151,803
Promotional & economic development	-	2,490,855
Public safety	-	876,015
Capital projects (bond funded)	-	55,891
Committed:		
Donations	-	1,111,176
Drainage Utility	-	5,137,636
Gas development	-	1,948,547
Total Fund Balances	<u>1,151,803</u>	<u>18,290,317</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,151,803</u>	<u>\$ 18,748,647</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2025

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Revenues				
Taxes	\$ 430,548	\$ -	\$ -	\$ -
Charges for services	-	2,000	-	1,740,271
Gas utility leases and royalties	-	-	-	-
Fines	-	-	-	-
Contributions	-	300,492	-	-
Special assessments	-	-	-	-
Investment income	49,501	42,939	32,024	177,307
Intergovernmental	-	1,614	-	-
Forfeitures	-	-	67,254	-
Miscellaneous	-	54,478	43,624	-
Total Revenues	<u>480,049</u>	<u>401,523</u>	<u>142,902</u>	<u>1,917,578</u>
Expenditures				
General government	234,874	75,269	-	-
Public safety	-	13,163	69,209	-
Culture and recreation	200,176	133,177	-	-
Public works	-	-	-	390,815
Capital outlay:				
Capital Outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>435,050</u>	<u>221,609</u>	<u>69,209</u>	<u>390,815</u>
Excess (deficiency) of revenues over expenditures	<u>44,999</u>	<u>179,914</u>	<u>73,693</u>	<u>1,526,763</u>
Other Financing Sources (Uses)				
Transfers in	-	-	54,906	-
Transfers out	-	(14,639)	-	(309,800)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,639)</u>	<u>54,906</u>	<u>(309,800)</u>
Net change in fund balances	44,999	165,275	128,599	1,216,963
Fund Balances - Beginning of Year	<u>1,248,374</u>	<u>945,901</u>	<u>520,863</u>	<u>3,920,673</u>
Fund Balances - End of Year	<u>\$ 1,293,373</u>	<u>\$ 1,111,176</u>	<u>\$ 649,462</u>	<u>\$ 5,137,636</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2025

	Special Revenue			
	Crime Control District	Economic Development	Traffic Safety	Gas Development
Revenues				
Taxes	\$ 7,565,059	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	398,455
Fines	-	-	-	-
Contributions	-	-	-	-
Special assessments	-	-	-	-
Investment income	111,682	41,347	14,318	118,135
Intergovernmental	653,357	-	-	-
Forfeitures	-	-	-	-
Miscellaneous	-	-	-	100
Total Revenues	8,330,098	41,347	14,318	516,690
Expenditures				
General government	-	203,252	-	1,020,000
Public safety	7,557,122	-	48,687	-
Culture and recreation	-	-	-	-
Public works	-	-	32,500	-
Capital outlay:				
Capital Outlay	-	-	-	875,339
Debt service:				
Principal retirement	303,679	-	-	-
Interest and fiscal charges	107,403	-	-	-
Total Expenditures	7,968,204	203,252	81,187	1,895,339
Excess (deficiency) of revenues over expenditures	361,894	(161,905)	(66,869)	(1,378,649)
Other Financing Sources (Uses)				
Transfers in	-	185,358	-	-
Transfers out	(135,491)	-	(275,505)	-
Total Other Financing Sources (Uses)	(135,491)	185,358	(275,505)	-
Net change in fund balances	226,403	23,453	(342,374)	(1,378,649)
Fund Balances - Beginning of Year	3,209,567	964,258	568,927	3,327,196
Fund Balances - End of Year	\$ 3,435,970	\$ 987,711	\$ 226,553	\$ 1,948,547

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2025

	Special Revenue		Capital Projects	Debt Service
	PEG Access Fee Fund	Court Special Revenue	City Point Development Project Fund	TIF #3 Debt Service Fund
Revenues				
Taxes	\$ 73,738	\$ -	\$ -	\$ 174,723
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	-
Fines	-	175,563	-	-
Contributions	-	-	-	-
Special assessments	-	-	-	-
Investment income	43,616	41,805	2,421	2,805
Intergovernmental	-	-	-	-
Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	117,354	217,368	2,421	177,528
Expenditures				
General government	35,780	-	-	20,799
Public safety	-	124,804	-	-
Culture and recreation	-	-	-	-
Public works	-	-	59,539	-
Capital outlay:				
Capital Outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	8,000	-
Total Expenditures	35,780	124,804	67,539	20,799
Excess (deficiency) of revenues over expenditures	81,574	92,564	(65,118)	156,729
Other Financing Sources (Uses)				
Transfers in	-	35,008	71,743	-
Transfers out	(177,886)	-	-	-
Total Other Financing Sources (Uses)	(177,886)	35,008	71,743	-
Net change in fund balances	(96,312)	127,572	6,625	156,729
Fund Balances - Beginning of Year	1,125,973	925,191	49,266	53,042
Fund Balances - End of Year	\$ 1,029,661	\$ 1,052,763	\$ 55,891	\$ 209,771

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2025

	<u>Debt Service</u>	
	City Point Development Bond Fund	Total Non-major Governmental Funds
Revenues		
Taxes	\$ -	\$ 8,244,068
Charges for services	-	1,742,271
Gas utility leases and royalties	-	398,455
Fines	-	175,563
Contributions	-	300,492
Special assessments	745,934	745,934
Investment income	54,637	732,537
Intergovernmental	-	654,971
Forfeitures	-	67,254
Miscellaneous	-	98,202
Total Revenues	<u>800,571</u>	<u>13,159,747</u>
Expenditures		
General government	-	1,589,974
Public safety	-	7,812,985
Culture and recreation	-	333,353
Public works	-	482,854
Capital outlay:		
Capital Outlay	-	875,339
Debt service:		
Principal retirement	195,000	498,679
Interest and fiscal charges	409,813	525,216
Total Expenditures	<u>604,813</u>	<u>12,118,400</u>
Excess (deficiency) of revenues over expenditures	<u>195,758</u>	<u>1,041,347</u>
Other Financing Sources (Uses)		
Transfers in	-	347,015
Transfers out	(71,743)	(985,064)
Total Other Financing Sources (Uses)	<u>(71,743)</u>	<u>(638,049)</u>
Net change in fund balances	124,015	403,298
Fund Balances - Beginning of Year	1,027,788	17,887,019
Fund Balances - End of Year	<u>\$ 1,151,803</u>	<u>\$ 18,290,317</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL DEBT SERVICE FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 11,780,946	\$ 13,090,527	\$ 13,090,527	\$ -
Transfers	822,105	822,105	822,105	-
Miscellaneous	100,700	131,800	132,760	960
Appropriation of fund balance	1,424,756	84,075	-	(84,075)
Total Revenues	<u>12,703,751</u>	<u>14,044,432</u>	<u>14,045,392</u>	<u>960</u>
Expenditures				
Debt service payment	14,113,167	14,113,167	14,100,198	12,969
Issuance costs/paying agent fees	15,340	15,340	4,140	11,200
Total Expenses	<u>14,128,507</u>	<u>14,128,507</u>	<u>14,104,338</u>	<u>24,169</u>
Net Increase (Decrease)	<u>\$ (1,424,756)</u>	<u>\$ (84,075)</u>	<u>\$ (58,946)</u>	<u>\$ 25,129</u>
Net change in fund balance - GAAP			<u>\$ (58,946)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - PROMOTIONAL FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy taxes	\$ 417,500	\$ 417,500	\$ 430,548	\$ 13,048
Miscellaneous	40,000	40,000	48,607	8,607
Other	-	-	(12)	(12)
Appropriation of fund blance	12,491	39,753	-	(39,753)
Total Revenues	<u>469,991</u>	<u>497,253</u>	<u>479,143</u>	<u>(18,110)</u>
Expenditures				
Operating expenses:				
Economic Development	306,499	294,542	233,772	60,770
Parks and recreation	162,835	202,406	200,175	2,231
Non-departmental	657	305	197	108
Total Expenditures	<u>469,991</u>	<u>497,253</u>	<u>434,144</u>	<u>63,109</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,999</u>	<u>\$ (44,999)</u>
Net change in fund balance - GAAP			<u>\$ 44,999</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DONATIONS FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Parks and recreation program donations	\$ 88,950	\$ 101,450	\$ 135,071	\$ 33,621
Library program donations	43,500	43,500	62,382	18,882
Neighborhood services program donations	89,800	89,800	99,021	9,221
Public safety program donations	27,556	30,476	9,039	(21,437)
Teen court program donations	4,100	4,100	3,572	(528)
Investment income	35,200	35,200	42,217	7,017
Other income	-	-	50,000	50,000
Appropriation of fund balance	25,760	18,637	-	(18,637)
Total Revenues	<u>314,866</u>	<u>323,163</u>	<u>401,302</u>	<u>78,139</u>
Expenditures				
Parks and recreation programs	88,000	114,000	94,206	19,794
Library programs	74,075	74,075	38,517	35,558
Neighborhood services programs	96,143	96,143	75,269	20,874
Public safety programs	21,648	20,306	8,896	11,410
Teen court program	4,000	4,000	4,500	(500)
Sub-total departments	<u>283,866</u>	<u>308,524</u>	<u>221,388</u>	<u>87,136</u>
Other & Reserves				
Capital project transfers	31,000	14,639	14,639	-
Sub-total other & reserves	<u>31,000</u>	<u>14,639</u>	<u>14,639</u>	<u>-</u>
Total Expenditures	<u>314,866</u>	<u>323,163</u>	<u>236,027</u>	<u>87,136</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,275</u>	<u>\$ 165,275</u>
Net change in fund balance - GAAP			<u>\$ 165,275</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SPECIAL INVESTIGATIONS FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Federal forfeited funds	\$ 50,000	\$ 50,000	\$ 60,641	\$ 10,641
State forfeited funds	35,000	35,000	6,024	(28,976)
Local forfeited funds	1,000	1,000	589	(411)
AFIS reimbursements	-	-	853	853
Miscellaneous	11,000	79,807	160,213	80,406
Appropriation of fund balance	164,000	95,901	-	(95,901)
Total Revenues	<u>261,000</u>	<u>261,708</u>	<u>228,320</u>	<u>(33,388)</u>
Expenditures				
Federal Forfeited Funds	175,000	175,000	60,672	114,328
State Forfeiture Funds	85,000	85,000	37,821	47,179
Local Forfeited funds	1,000	1,000	-	1,000
AFIS Maintenance & Equipment	-	708	708	-
LEOSE Training	-	-	520	(520)
Total Expenditures	<u>261,000</u>	<u>261,708</u>	<u>99,721</u>	<u>161,987</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,599</u>	<u>\$ 128,599</u>
Net change in fund balance - GAAP			<u>\$ 128,599</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DRAINAGE UTILITY FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 1,732,442	\$ 1,732,442	\$ 1,740,271	\$ 7,829
Interest income	121,000	142,200	176,706	34,506
Total Revenues	<u>1,853,442</u>	<u>1,874,642</u>	<u>1,916,977</u>	<u>42,335</u>
Expenditures				
Drainage utility crew	353,990	407,978	389,679	18,299
Non-departmental	15,306	3,240	535	2,705
Debt service payment	184,800	184,800	184,800	-
Capital project transfers	125,000	125,000	125,000	-
Planned contributions to fund balance	1,174,346	1,153,624	-	1,153,624
Total Expenditures	<u>1,853,442</u>	<u>1,874,642</u>	<u>700,014</u>	<u>1,174,628</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,216,963</u>	<u>\$ 1,216,963</u>
Net change in fund balance - GAAP			<u>\$ 1,216,963</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - CRIME CONTROL DISTRICT
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	\$ 7,198,465	\$ 7,286,839	\$ 7,413,086	\$ 126,247
Franchise fees	139,868	139,868	151,973	12,105
SRO reimbursement (BISD)	828,113	828,113	576,985	(251,128)
Victim assistance program	45,214	45,214	45,594	380
Miscellaneous	111,778	123,978	147,918	23,940
Appropriation of fund Balance	636,141	-	-	-
Total Revenues	<u>8,959,579</u>	<u>8,424,012</u>	<u>8,335,556</u>	<u>(88,456)</u>
Expenditures				
Operating:				
Administration	18,978	20,393	19,784	609
Community resources	2,210,851	2,084,241	1,865,604	218,637
Victim assistance program	30,962	30,962	30,774	188
Investigations	797,016	753,393	728,998	24,395
Uniform patrol	4,532,535	4,109,049	4,041,774	67,275
Technical services	579,597	545,158	546,073	(915)
Property / Evidence	51,808	85,083	53,431	31,652
Partner agency funding	56,181	55,123	43,607	11,516
Non-Departmental	257,962	647,087	643,617	3,470
Sub-total operating	<u>8,535,890</u>	<u>8,330,489</u>	<u>7,973,662</u>	<u>356,827</u>
Other & Reserves:				
Transfer to other funds	59,794	93,523	135,491	(41,968)
Planned contributions to fund balance	363,895	-	-	-
Sub-total other & reserves	<u>423,689</u>	<u>93,523</u>	<u>135,491</u>	<u>(41,968)</u>
Total Expenditures	<u>8,959,579</u>	<u>8,424,012</u>	<u>8,109,153</u>	<u>314,859</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,403</u>	<u>\$ 226,403</u>
Net change in fund balance - GAAP			<u>\$ 226,403</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - ECONOMIC DEVELOPMENT FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Park Fund transfer in	\$ 180,577	\$ 182,504	\$ 185,357	\$ 2,853
Other	141,423	35,000	40,705	5,705
Appropriations of fund balance	-	120,496	-	(120,496)
Total Revenues	<u>322,000</u>	<u>338,000</u>	<u>226,062</u>	<u>(111,938)</u>
Expenditures				
Other expenses	<u>322,000</u>	<u>338,000</u>	<u>202,609</u>	<u>135,391</u>
Total Expenditures	<u>322,000</u>	<u>338,000</u>	<u>202,609</u>	<u>135,391</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,453</u>	<u>\$ 23,453</u>
Net change in fund balance - GAAP			<u>\$ 23,453</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - TRAFFIC SAFETY FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest income	\$ 20,000	\$ 14,200	\$ 12,819	\$ (1,381)
Appropriation of fund balance	389,428	397,046	-	(397,046)
Total Revenues	<u>409,428</u>	<u>411,246</u>	<u>12,819</u>	<u>(398,427)</u>
Expenditures				
Traffic enforcement / traffic safety	32,500	32,500	32,500	-
Pedestrian safety	101,423	103,241	47,188	56,053
Total Expenditures	<u>133,923</u>	<u>135,741</u>	<u>79,688</u>	<u>56,053</u>
Transfers	275,505	275,505	275,505	
Net Decrease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (342,374)</u>	<u>\$ (342,374)</u>
Net change in fund balance - GAAP			<u>\$ (342,374)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GAS DEVELOPMENT FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Royalty payments	\$ 414,100	\$ 363,273	\$ 398,455	\$ 35,182
Interest income	122,000	108,700	111,149	2,449
Miscellaneous	-	-	-	-
Appropriation of fund balance	-	2,448,027	-	(2,448,027)
Total Revenues	<u>536,100</u>	<u>2,920,000</u>	<u>509,604</u>	<u>(2,410,396)</u>
Expenditures				
Non-departmental	-	2,920,000	1,888,253	(1,031,747)
Other & Reserves:				
Planned contributions to fund balance	536,100	-	-	-
Sub-total other & reserves	<u>536,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>536,100</u>	<u>2,920,000</u>	<u>1,888,253</u>	<u>(1,031,747)</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,378,649)</u>	<u>\$ (1,378,649)</u>
Net change in fund balance - GAAP			<u>\$ (1,378,649)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - PEG ACCESS FEE FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
PEG fees	\$ 157,600	\$ 157,600	\$ 73,738	\$ (83,862)
Other	37,100	37,100	42,306	5,206
Appropriation of fund balance	46,186	19,419	-	(19,419)
Total Revenues	<u>240,886</u>	<u>214,119</u>	<u>116,044</u>	<u>(98,075)</u>
Expenditures				
Operating:				
Equipment expenses	63,000	36,233	34,470	1,763
Total Expenditures	<u>63,000</u>	<u>36,233</u>	<u>34,470</u>	<u>1,763</u>
Transfers	177,886	177,886	177,886	-
Net Decrease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,312)</u>	<u>\$ (96,312)</u>
Net change in fund balance - GAAP			<u>\$ (96,312)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - COURT SPECIAL REVENUE FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Court Fees	\$ 13,965	\$ 14,942	\$ 15,087	\$ 145
Municipal Court Technology Fee	25,167	25,167	44,649	19,482
Municipal Court Building Security Fee	30,232	50,396	54,444	4,048
Local Truancy Prevention / Diversion Fee	35,148	55,318	61,382	6,064
Other	64,008	67,808	76,255	8,447
Appropriation of fund balance	41,125	48,820	-	(48,820)
Total Revenues	<u>209,645</u>	<u>262,451</u>	<u>251,817</u>	<u>(10,634)</u>
Expenditures				
Operating:				
Warrant Division	107,464	48,996	28,539	(20,457)
Teen Court Division	91,243	90,774	91,141	367
Court IT Technology/Equipment	10,938	85,794	4,565	(81,229)
Sub-total operating	<u>209,645</u>	<u>225,564</u>	<u>124,245</u>	<u>(101,319)</u>
Other & Reserves:				
Planned contributions to fund balance	-	36,887	-	36,887
Sub-total other & reserves	<u>-</u>	<u>36,887</u>	<u>-</u>	<u>36,887</u>
Total Expenditures	<u>209,645</u>	<u>262,451</u>	<u>124,245</u>	<u>(64,432)</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,572</u>	<u>\$ 127,572</u>
Net change in fund balance - GAAP			<u>\$ 127,572</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - TIF 3 DEBT SERVICE FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 141,136	\$ 128,240	\$ 133,252	\$ 5,012
Tarrant County	46,883	46,883	41,471	(5,412)
Investment income	-	-	2,805	2,805
Total Revenues	<u>188,019</u>	<u>175,123</u>	<u>177,528</u>	<u>2,405</u>
Expenditures				
Operating:				
Public improvement district contribution	28,500	28,500	20,799	7,701
Sub-total operating	<u>28,500</u>	<u>28,500</u>	<u>20,799</u>	<u>7,701</u>
Other & Reserves:				
Planned contributions to fund balance	159,519	-	-	-
Sub-total other & reserves	<u>159,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>188,019</u>	<u>28,500</u>	<u>20,799</u>	<u>7,701</u>
Net Increase	<u>\$ -</u>	<u>\$ 146,623</u>	<u>\$ 156,729</u>	<u>\$ 10,106</u>
Net change in fund balance - GAAP			<u>\$ 156,729</u>	

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Utility Fund – To account for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections. All activities of the fund are supported by the customers of the utility.

Aquatic Park Fund - To account for the operation of NRH2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service. All activities of the fund are supported by the patrons of the water park.

Golf Course Fund – To account for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course is the only non-major proprietary fund. All activities of the fund are supported by the patrons of the golf course.

INTERNAL SERVICE FUNDS

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.



CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
September 30, 2025

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 233,086	\$ 2,187,176	\$ 9,369,782	\$ 864,002	\$ 12,654,046
Investments	270,493	2,336,761	12,450,204	856,562	15,914,020
Accounts receivable, net of allowances:					
Other	-	111,004	3,001	3,061	117,066
Interest receivable	1,228	10,609	56,524	3,889	72,250
Prepaid items	-	-	6,720	10,652	17,372
Inventories, at cost	37,034	214,259	-	-	251,293
Total current assets	541,841	4,859,809	21,886,231	1,738,166	29,026,047
Noncurrent assets:					
Restricted cash and cash equivalents	-	90,947	3,410,000	-	3,500,947
Interfund loan receivable	-	-	500,000	-	500,000
Capital assets, net:					
Buildings and improvements	225,340	-	-	-	225,340
Other improvements	2,104,694	-	14,873	602,769	2,722,336
Machinery and equipment	1,318,857	12,104,360	13,312	7,855,073	21,291,602
Subscription assets	-	-	-	2,730,462	2,730,462
Construction in progress	68,750	64,567	-	1,912,767	2,046,084
Accumulated depreciation	(1,447,263)	(6,950,455)	(13,560)	(4,821,543)	(13,232,821)
Net capital assets	2,270,378	5,218,472	14,625	8,279,528	15,783,003
Total noncurrent assets	2,270,378	5,309,419	3,924,625	8,279,528	19,783,950
Total Assets	2,812,219	10,169,228	25,810,856	10,017,694	48,809,997
Deferred Outflows of Resources					
Deferred outflows - OPEB	55,050	60,325	30,011	72,550	217,936
Deferred outflows - Pension	314,705	272,953	186,308	186,062	960,028
Total Deferred Outflows of Resources	369,755	333,278	216,319	258,612	1,177,964
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	112,384	294,018	19,848	58,240	484,490
Other current liabilities	-	-	1,096,145	-	1,096,145
Compensated absences	13,278	11,129	373	21,250	46,030
Accrued interest payable	-	-	-	54,980	54,980
Subscription liabilities	-	-	-	581,866	581,866
Total current liabilities	125,662	305,147	1,116,366	716,336	2,263,511
Noncurrent liabilities:					
Subscription liabilities	-	-	-	1,348,624	1,348,624
Compensated absences	92,961	80,964	2,293	147,949	324,167
Net OPEB liability	427,300	468,240	232,941	563,122	1,691,603
Net pension liability	1,046,931	908,034	619,792	618,974	3,193,731
Total noncurrent liabilities	1,567,192	1,457,238	855,026	2,678,669	6,558,125
Total Liabilities	1,692,854	1,762,385	1,971,392	3,395,005	8,821,636
Deferred Inflows of Resources					
Deferred inflows - OPEB	268,219	293,919	146,220	353,477	1,061,835
Deferred inflows - Pension	38,463	33,360	22,770	22,740	117,333
Deferred inflows - Leases	-	-	-	9,739	9,739
Total Deferred Inflows of Resources	306,682	327,279	168,990	385,956	1,188,907
Net Position					
Net investment in capital assets	2,270,378	4,990,797	14,625	6,349,038	13,624,838
Unrestricted net position (deficit)	(1,087,940)	3,422,045	23,872,168	146,307	26,352,580
Total Net Position	\$ 1,182,438	\$ 8,412,842	\$ 23,886,793	\$ 6,495,345	\$ 39,977,418



CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2025

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Operating Revenues					
Internal service revenues:					
Risk management	\$ -	\$ -	\$ 17,647,469	\$ -	\$ 17,647,469
Facilities and fleet management	3,207,011	4,475,382	-	-	7,682,393
Information systems management	-	-	-	5,431,008	5,431,008
Miscellaneous revenues	-	-	671,640	205,988	877,628
Total Operating Revenues	3,207,011	4,475,382	18,319,109	5,636,996	31,638,498
Operating Expenses					
Claims	-	-	14,040,037	-	14,040,037
Contractual services	1,412,193	252,305	2,285,915	413,874	4,364,287
Personnel services	1,274,693	1,065,312	569,545	1,569,521	4,479,071
Repairs and maintenance	832,804	1,613,873	130,831	1,893,487	4,470,995
Depreciation/amortization	671,829	1,014,640	248	1,212,353	2,899,070
Total Operating Expenses	4,191,519	3,946,130	17,026,576	5,089,235	30,253,460
Operating income (loss)	(984,508)	529,252	1,292,533	547,761	1,385,038
Nonoperating Revenues (Expenses)					
Investment income	65,801	180,424	1,036,377	33,955	1,316,557
Interest expense	-	-	-	(322,946)	(322,946)
Other income	-	3	29,260	2	29,265
Gain on disposal of assets	915	114,446	-	3,582	118,943
Total Nonoperating Revenues (Expenses)	66,716	294,873	1,065,637	(285,407)	1,141,819
Income (loss) before transfers	(917,792)	824,125	2,358,170	262,354	2,526,857
Transfers					
Transfers in	-	14,797	-	414,044	428,841
Transfers out	(1,503,550)	(216,300)	-	(368,500)	(2,088,350)
Total Transfers	(1,503,550)	(201,503)	-	45,544	(1,659,509)
Change in net position	(2,421,342)	622,622	2,358,170	307,898	867,348
Net Position - Beginning of Year	3,603,780	7,790,220	21,528,623	6,187,447	39,110,070
Net Position - End of Year	\$ 1,182,438	\$ 8,412,842	\$ 23,886,793	\$ 6,495,345	\$ 39,977,418

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2025

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 3,206,298	\$ 4,444,328	\$ 18,476,629	\$ 5,649,979	\$ 31,777,234
Payments to suppliers	(2,242,361)	(1,883,599)	(18,909,064)	(2,303,010)	(25,338,034)
Payments to employees	(1,268,812)	(1,083,940)	(567,491)	(1,599,836)	(4,520,079)
Net cash provided by (used for) operating activities	(304,875)	1,476,789	(999,926)	1,747,133	1,919,121
Cash flows form noncapital financing activities:					
Transfers from other funds	-	14,797	-	414,044	428,841
Transfers to other funds	(1,503,550)	(216,300)	-	(368,500)	(2,088,350)
Other noncapital financing receipts	-	3	29,260	2	29,265
Net cash provided by (used for) noncapital financing activities	(1,503,550)	(201,500)	29,260	45,546	(1,630,244)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(700,217)	(14,873)	(361,311)	(1,076,401)
Principal paid on leases and subscriptions	(560)	(591)	(648)	(488,814)	(490,613)
Interest paid on leases and subscriptions	-	-	-	(272,278)	(272,278)
Proceeds from sale of capital asset	915	123,446	-	3,582	127,943
Net cash provided by (used for) capital and related financing activities	355	(577,362)	(15,521)	(1,118,821)	(1,711,349)
Cash flows from investing activities:					
Sale (purchase) of investments, net	862,936	(466,965)	118,579	(343,992)	170,558
Interest and dividends received	65,801	180,424	1,036,377	33,955	1,316,557
Net cash provided by investing activities	928,737	(286,541)	1,154,956	(310,037)	1,487,115
Net increase in cash and cash equivalents	(879,333)	411,386	168,769	363,821	64,643
Cash and cash equivalents, beginning of year	1,112,419	1,866,737	12,611,013	500,181	16,090,350
Cash and cash equivalents, end of year	\$ 233,086	\$ 2,278,123	\$ 12,779,782	\$ 864,002	\$ 16,154,993
Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds					
Cash and cash equivalents - current	\$ 233,086	\$ 2,187,176	\$ 9,369,782	\$ 864,002	\$ 12,654,046
Cash and cash equivalents - noncurrent	-	90,947	3,410,000	-	3,500,947
Total cash and cash equivalents	\$ 233,086	\$ 2,278,123	\$ 12,779,782	\$ 864,002	\$ 16,154,993
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (984,508)	\$ 529,252	\$ 1,292,533	\$ 547,761	\$ 1,385,038
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	671,829	1,014,640	248	1,212,353	2,899,070
(Increase) decrease in accounts receivable	(713)	(31,054)	157,520	12,983	138,736
(Increase) decrease in prepaid items	-	-	(6,720)	44,128	37,408
(Increase) decrease in inventories	(600)	124,405	-	-	123,805
(Increase) decrease in deferred outflows - pension	428,653	371,783	253,766	253,431	1,307,633
(Increase) decrease in deferred outflows - OPEB	19,676	21,561	10,726	25,929	77,892
Increase (decrease) in accounts payable	3,237	(141,826)	(2,445,561)	(28,091)	(2,612,241)
Increase (decrease) in deferred inflows- pension	(18,455)	(16,007)	(10,926)	(10,912)	(56,300)
Increase (decrease) in deferred inflows - OPEB	(59,149)	(64,814)	(32,244)	(77,948)	(234,155)
Increase (decrease) in deferred inflows - leases	-	-	-	(11,686)	(11,686)
Increase (decrease) in compensated absences	7,331	(5,719)	524	7,597	9,733
Increase (decrease) in net pension/OPEB liabilities	(372,176)	(325,432)	(219,792)	(228,412)	(1,145,812)
Total adjustments	679,633	947,537	(2,292,459)	1,199,372	534,083
Net cash provided by (used for) operating activities	\$ (304,875)	\$ 1,476,789	\$ (999,926)	\$ 1,747,133	\$ 1,919,121
Schedule of non-cash capital and related financing activities:					
Purchase of capital assets on account and changes in retainage payable	\$ -	\$ 227,675	\$ -	\$ -	\$ 227,675
Subscriptions issued	\$ -	\$ -	\$ -	\$ 1,977,495	\$ 1,977,495

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Water charges	\$ 28,265,451	\$ 29,228,408	\$ 27,710,231	\$ (1,518,177)
Sewer charges	14,883,847	16,185,840	14,727,822	(1,458,018)
Service charges	1,453,996	1,449,715	1,198,773	(250,942)
Miscellaneous	1,166,000	1,062,100	1,035,990	(26,110)
Total Revenues	<u>45,769,294</u>	<u>47,926,063</u>	<u>44,672,816</u>	<u>(3,253,247)</u>
Expenses:				
Operating:				
Water Service Expenses	17,611,598	17,305,616	16,673,582	632,034
Sewer Service Expenses	9,915,390	11,229,403	11,192,058	37,345
Utility Billing and Support	2,963,054	3,056,328	2,906,849	149,479
Administration	387,842	384,666	388,877	(4,211)
Development	1,382,600	1,386,750	1,373,600	13,150
Utility Construction Crew & Support	1,337,259	1,323,879	1,287,446	36,433
Right of Way Maintenance	329,234	330,041	325,890	4,151
Building Services	1,852,138	1,852,138	1,852,138	-
Non-Departmental	1,262,680	1,114,701	1,145,029	(30,328)
Sub-total operating	<u>37,041,795</u>	<u>37,983,522</u>	<u>37,145,469</u>	<u>838,053</u>
Other & Reserves:				
Debt Service Payment	2,453,538	2,453,538	2,465,692	(12,154)
Franchise Fee	1,261,825	1,261,825	1,261,933	(108)
Indirect Costs	2,182,176	2,182,176	2,182,176	-
Transfer for IT Purchases & Support	175,000	175,000	175,000	-
Payment in Lieu of Taxes	399,222	399,222	399,222	-
Capital Project Transfers	2,086,600	2,086,600	2,086,600	-
Planned Contributions to Fund Balance	169,138	1,394,580	-	1,394,580
Sub-total others & reserve	<u>8,727,499</u>	<u>9,952,941</u>	<u>8,570,623</u>	<u>1,382,318</u>
Total Expenses	<u>45,769,294</u>	<u>47,936,463</u>	<u>45,716,092</u>	<u>2,220,371</u>
Net Decrease	<u>\$ -</u>	<u>\$ (10,400)</u>	<u>\$ (1,043,276)</u>	<u>\$ (1,043,276)</u>
Reconciliation between budgetary basis actual and GAAP				
Depreciation expense			(3,986,133)	
Debt service principal payments			2,465,692	
Increase in fair value of investments			1,475,269	
Accruals related to pension and OPEB			(48,230)	
Transfers in/out			925,460	
Net change in net position - GAAP			<u>\$ (211,218)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Admissions	\$ 4,641,600	\$ 4,382,080	\$ 3,454,273	\$ (927,807)
Food & beverage	1,187,758	1,088,520	1,013,125	(75,395)
Merchandise	251,200	220,000	163,234	(56,766)
Rentals	357,192	372,000	279,298	(92,702)
Interest income	71,000	51,400	74,554	23,154
Other income	50,000	15,000	26,591	11,591
Total Revenues	<u>6,558,750</u>	<u>6,129,000</u>	<u>5,011,075</u>	<u>(1,117,925)</u>
Expenses:				
Operating:				
General Services	1,002,201	925,694	822,024	103,670
Parks & Public Grounds	141,819	128,459	113,396	15,063
Aquatics	873,719	895,228	842,645	52,583
Maintenance	742,317	736,101	671,779	64,322
Business Office	99,970	59,764	32,831	26,933
Marketing / Advertising	431,667	386,615	404,515	(17,900)
Gift Shop	185,420	155,658	118,476	37,182
Food	244,030	236,886	209,141	27,745
Ice Cream Shop	186,530	159,123	138,988	20,135
Funnel Cake	44,454	46,916	44,088	2,828
Food Service Building	344,401	327,747	320,401	7,346
Group Sales	27,107	22,056	4,672	17,384
Admissions	246,265	212,787	212,800	(13)
Elements of Fun	-	-	-	-
Birthday Parties	95,757	76,805	63,355	13,450
Catering	63,671	49,726	40,740	8,986
Rentals	14,595	9,823	7,821	2,002
Northfield	-	-	-	-
Non-Departmental	121,892	119,181	118,234	947
Sub-total operating	<u>4,865,815</u>	<u>4,548,569</u>	<u>4,165,906</u>	<u>382,663</u>
Others & Reserve				
Debt Service Payment	1,000,805	959,919	959,902	17
Capital Project Transfers	550,000	550,000	550,000	-
Planned Contributions to Fund Balance	142,130	70,512	-	70,512
Sub-total others & reserve	<u>1,692,935</u>	<u>1,580,431</u>	<u>1,509,902</u>	<u>70,529</u>
Total Expenses	<u>6,558,750</u>	<u>6,129,000</u>	<u>5,675,808</u>	<u>453,192</u>
Net Decrease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (664,733)</u>	<u>\$ (664,733)</u>

Reconciliation between budgetary basis actual and GAAP

Miscellaneous	151,879
Transfers	1,810,000
Depreciation expense	(970,976)
Debt service principal payments	959,902
Increase (decrease) in fair value of investments	134,873
Net change in net position - GAAP	<u>\$ 1,420,945</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Green fees	\$ 1,960,400	\$ 1,960,400	\$ 1,789,012	\$ (171,388)
Pro shop	283,319	283,319	283,465	146
Driving range	157,966	157,966	159,333	1,367
Carts	380,175	380,175	501,371	121,196
Food & beverage	762,282	762,282	735,119	(27,163)
Miscellaneous	-	-	764,118	764,118
Total Revenues	<u>3,544,142</u>	<u>3,544,142</u>	<u>4,232,418</u>	<u>688,276</u>
Expenses:				
Operating:				
Pro shop	220,629	220,629	246,953	(26,324)
Pro shop: cost of goods sold	171,077	171,077	169,626	1,451
Driving range	8,900	8,900	42,553	(33,653)
Golf carts	372,634	372,634	420,995	(48,361)
Course maintenance	1,002,533	1,002,533	890,378	112,155
Food & beverage	291,633	291,633	308,453	(16,820)
Food & beverage: cost of goods sold	227,451	227,451	220,084	7,367
Sales & membership	125,066	125,066	116,377	8,689
General & administrative	665,744	665,744	1,344,565	(678,821)
Management fees	141,766	141,766	138,732	3,034
Sub-total operating	<u>3,227,433</u>	<u>3,227,433</u>	<u>3,898,716</u>	<u>(671,283)</u>
Other & Reserves:				
Debt service	298,187	298,187	297,773	414
Planned contributions to net position	18,522	18,522	-	18,522
Sub-total others & reserve	<u>316,709</u>	<u>316,709</u>	<u>297,773</u>	<u>18,936</u>
Total Expenses	<u>3,544,142</u>	<u>3,544,142</u>	<u>4,196,489</u>	<u>(652,347)</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,929</u>	<u>\$ 35,929</u>
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			27,200	
Depreciation expense			(314,091)	
Debt service principal payments			297,773	
Increase (decrease) in fair value of investments			27,164	
Net change in net position - GAAP			<u>\$ 73,975</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION SERVICES

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services:				
Internal service charge	\$ 3,207,011	\$ 3,207,011	\$ 3,207,011	\$ -
Interest income	76,000	66,000	58,292	(7,708)
Other income	-	-	916	916
Appropriation of net position	979,746	1,828,086	-	(1,828,086)
Total Revenues	<u>4,262,757</u>	<u>5,101,097</u>	<u>3,266,219</u>	<u>(1,834,878)</u>
Expenses:				
Operating:				
Administration	275,987	273,916	272,534	1,382
Building services	3,240,345	3,279,003	3,198,191	80,812
Rental property program	-	-	-	-
Non-department	92,875	44,628	43,485	1,143
Capital Project Transfers	653,550	1,503,550	1,503,550	-
Total Expenses	<u>4,262,757</u>	<u>5,101,097</u>	<u>5,017,760</u>	<u>83,337</u>
Net Decrease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,751,541)</u>	<u>\$ (1,751,541)</u>
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			3,569	
Depreciation expense			(671,829)	
Accruals related to pension and OPEB			(1,541)	
Net change in net position - GAAP			<u>\$ (2,421,342)</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Internal service charge	\$ 4,475,382	\$ 4,475,382	\$ 4,475,382	\$ -
Interest income	83,000	143,600	169,566	25,966
Sale of city property	110,000	58,797	114,446	55,649
Miscellaneous	-	-	14,800	14,800
Appropriation of net position	54,756	532,528	-	(532,528)
Total Revenues	<u>4,723,138</u>	<u>5,210,307</u>	<u>4,774,194</u>	<u>(436,113)</u>
Expenses:				
Operating:				
Administration	327,199	273,724	266,439	7,285
Fleet services operations	1,896,991	1,914,306	1,848,284	66,022
Fire fleet maintenance operations	577,016	666,172	651,058	15,114
Vehicle and equipment purchases	1,558,172	1,995,784	1,040,858	954,926
Non-department	147,460	144,021	108,208	35,813
Sub-total operating	<u>4,506,838</u>	<u>4,994,007</u>	<u>3,914,847</u>	<u>1,079,160</u>
Other & Reserves:				
Debt service	216,300	216,300	216,300	-
Sub-total other & reserves	<u>216,300</u>	<u>216,300</u>	<u>216,300</u>	<u>-</u>
Total Expenses	<u>4,723,138</u>	<u>5,210,307</u>	<u>4,131,147</u>	<u>1,079,160</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,047</u>	<u>\$ 643,047</u>

Reconciliation between budgetary basis actual and GAAP

Depreciation expense	(1,014,640)
Debt service payments	216,300
Capital outlay	1,040,858
Accruals related to pension and OPEB	(12,909)
Transfers in/out	(201,503)
Miscellaneous	<u>(48,531)</u>
Net change in net position - GAAP	<u>\$ 622,622</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SELF INSURANCE FUND
For the Year Ended September 30, 2025

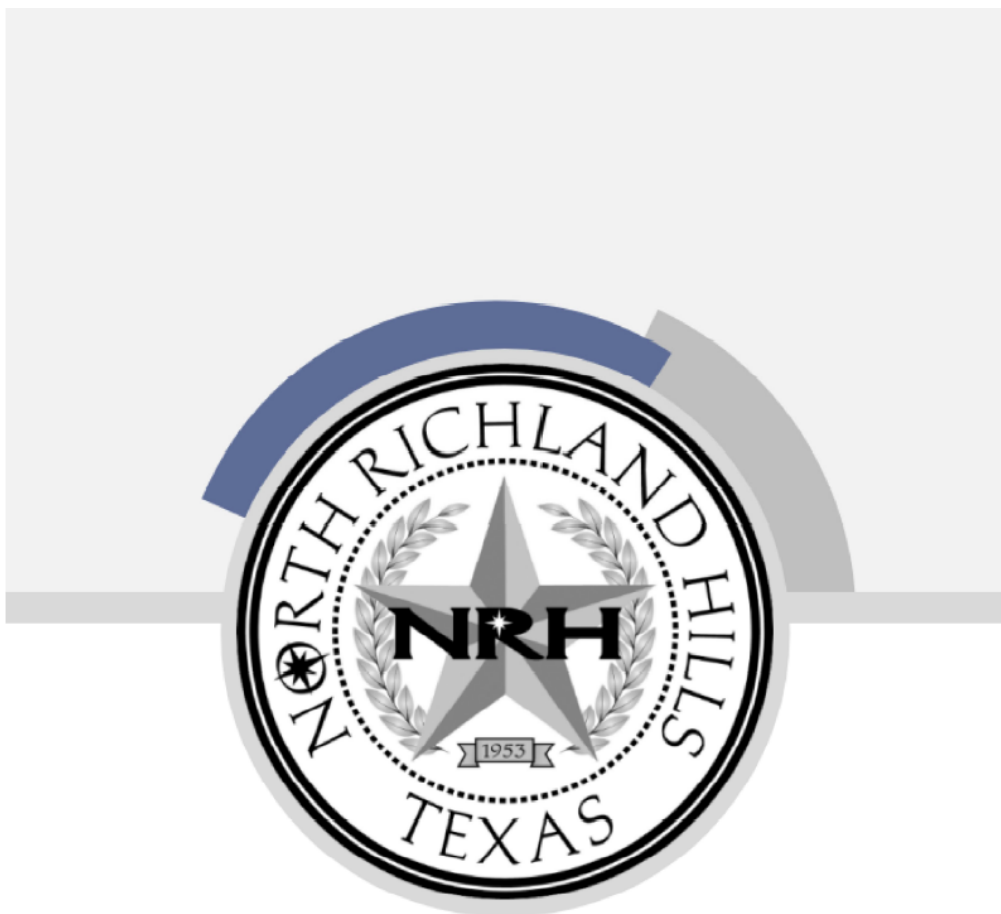
	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Health / Medical City Contribution	\$ 8,583,282	\$ 8,583,282	\$ 8,616,167	\$ 32,885
Health / Medical Employee Contribution	2,103,155	2,103,155	2,137,311	34,156
Worker's Comp & Admin (City Contribution)	529,296	529,296	527,198	(2,098)
Other Insurance (City Contribution)	1,831,800	1,831,800	1,831,800	-
Flexible Spending Account (Employee Contribution)	110,000	110,000	110,339	339
Stop Loss Insurance Reimbursement	400,000	3,600,000	4,424,655	824,655
Interest Income	962,000	867,600	960,745	93,145
Other Income	650,000	650,000	700,901	50,901
Total Revenues	15,169,533	18,275,133	19,309,116	1,033,983
Expenses:				
Operating:				
Health/medical	\$ 11,612,317	\$ 14,808,595	\$ 16,395,744	(1,587,149)
Worker's compensation	515,000	515,000	(2,243,627)	2,758,627
Personnel expenses	797,968	790,669	777,996	12,673
Property, liability and other insurance	1,831,800	1,831,800	1,763,391	68,409
Flexible spending account expense	110,000	110,000	109,027	973
Non-department	7,298	205,259	233,129	(27,870)
Sub-total operating	14,874,383	18,261,323	17,035,660	1,225,663
Planned contributions	295,150	13,810	-	13,810
Total Expenses	15,169,533	18,275,133	17,035,660	1,239,473
Net Increase	\$ -	\$ -	2,273,456	\$ 2,273,456
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			83,432	
Depreciation expense			(248)	
Accruals related to pension and OPEB			1,530	
Net change in net position - GAAP			\$ 2,358,170	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Internal service charge	\$ 5,614,793	\$ 5,604,768	\$ 5,604,533	\$ (235)
Reimbursement from General fund	239,044	239,044	239,044	-
Transmitter lease	180,000	180,000	208,627	28,627
Miscellaneous	24,229	24,229	33,575	9,346
Appropriation of net position	175,541	351,352	-	(351,352)
Total Revenues	<u>6,233,607</u>	<u>6,399,393</u>	<u>6,085,779</u>	<u>(313,614)</u>
Expenses:				
Operating:				
Administration	4,576,237	4,640,117	4,028,326	611,791
Public safety	1,136,779	1,268,976	918,956	350,020
Non-department	152,091	121,800	20,788	101,012
Sub-total operating	<u>5,865,107</u>	<u>6,030,893</u>	<u>4,968,070</u>	<u>1,062,823</u>
Capital project transfers	<u>368,500</u>	<u>368,500</u>	<u>368,500</u>	<u>-</u>
Total Expenses	<u>6,233,607</u>	<u>6,399,393</u>	<u>5,336,570</u>	<u>1,062,823</u>
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,209</u>	<u>\$ 749,209</u>

Reconciliation between budgetary basis actual and GAAP

Miscellaneous	729,455
Depreciation expense	(1,212,353)
Increase (decrease) in fair value of investments	33,955
Accruals related to pension and OPEB	(37,912)
Transfers in/out	45,544
	<u>307,898</u>
Net change in net position - GAAP	<u>\$ 307,898</u>



Statistical Section



Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Table 1

Page 1 of 2

	2025	2024	2023	2022	2021
Governmental Activities					
Net investment in capital assets	\$ 286,066,139	\$ 276,277,035	\$ 278,154,454	\$ 251,882,289	\$ 233,115,972
Restricted	25,104,347	25,715,105	19,034,768	14,550,865	26,927,746
Unrestricted	26,368,943	20,465,023	5,683,503	32,823,612	13,518,604
Total Governmental Activities					
Net Position	<u>\$ 337,539,429</u>	<u>\$ 322,457,163</u>	<u>\$ 302,872,725</u>	<u>\$ 299,256,766</u>	<u>\$ 273,562,322</u>
Business-type Activities					
Net investment in capital assets	\$ 68,188,734	\$ 67,553,741	\$ 71,302,418	\$ 64,812,681	\$ 65,153,537
Restricted	4,238,308	6,113,824	3,947,349	5,320,387	4,204,406
Unrestricted	37,480,381	34,360,590	31,320,512	32,657,981	24,110,383
Total Business-Type Activities					
Net Position	<u>\$ 109,907,423</u>	<u>\$ 108,028,155</u>	<u>\$ 106,570,279</u>	<u>\$ 102,791,049</u>	<u>\$ 93,468,326</u>
Primary Government					
Net investment in capital assets	\$ 354,254,873	\$ 343,830,776	\$ 349,456,872	\$ 316,694,970	\$ 298,269,509
Restricted	29,342,655	31,828,929	22,982,117	19,871,252	31,132,152
Unrestricted	63,849,324	54,825,613	37,004,015	65,481,593	37,628,987
Total Primary Government					
Net Position	<u>\$ 447,446,852</u>	<u>\$ 430,485,318</u>	<u>\$ 409,443,004</u>	<u>\$ 402,047,815</u>	<u>\$ 367,030,648</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Table 1

Page 2 of 2

	2020	2019	2018	2017	2016
Governmental Activities					
Net investment in capital assets	\$ 230,108,507	\$ 221,090,589	\$ 214,081,749	\$ 208,508,926	\$ 199,625,197
Restricted	23,228,613	20,825,594	16,138,949	11,257,910	4,005,996
Unrestricted	2,516,543	1,428,088	(4,852,295)	15,716,225	28,160,118
Total Governmental Activities					
Net Position	<u>\$ 255,853,663</u>	<u>\$ 243,344,271</u>	<u>\$ 225,368,403</u>	<u>\$ 235,483,061</u>	<u>\$ 231,791,311</u>
Business-type Activities					
Net investment in capital assets	\$ 71,094,790	\$ 73,399,637	\$ 74,787,942	\$ 52,999,815	\$ 54,387,271
Restricted	6,188,722	5,119,704	4,260,462	3,764,244	3,507,899
Unrestricted	12,239,489	8,872,010	8,737,576	9,421,299	13,365,978
Total Business-Type Activities					
Net Position	<u>\$ 89,523,001</u>	<u>\$ 87,391,351</u>	<u>\$ 87,785,980</u>	<u>\$ 66,185,358</u>	<u>\$ 71,261,148</u>
Primary Government					
Net investment in capital assets	\$ 301,203,297	\$ 294,490,226	\$ 288,869,691	\$ 261,508,741	\$ 254,012,468
Restricted	29,417,335	25,945,298	20,399,411	15,022,154	7,513,895
Unrestricted	14,756,032	10,300,098	3,885,281	25,137,524	41,526,096
Total Primary Government					
Net Position	<u>\$ 345,376,664</u>	<u>\$ 330,735,622</u>	<u>\$ 313,154,383</u>	<u>\$ 301,668,419</u>	<u>\$ 303,052,459</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

Page 1 of 4

	2025	2024	2023	2022	2021
Expenses					
Governmental Activities:					
General government	\$ 22,501,408	\$ 21,009,361	\$ 21,587,224	\$ 14,110,928	\$ 16,217,730
Public safety	47,016,612	46,547,157	50,266,194	29,248,967	31,352,267
Culture and recreation	15,542,862	15,199,634	14,938,648	9,595,172	11,744,572
Public works	9,606,639	9,526,246	9,938,628	10,137,484	10,915,178
Interest and other fees	3,743,626	5,390,250	4,440,585	4,011,988	3,681,268
Total Governmental Activities Expenses	<u>98,411,147</u>	<u>97,672,648</u>	<u>101,171,279</u>	<u>67,104,539</u>	<u>73,911,015</u>
Business-Type Activities:					
Utility	41,185,660	41,410,943	41,285,185	35,405,018	34,126,398
Aquatic park	5,460,448	5,416,461	5,206,451	4,472,396	4,155,497
Golf course	3,421,488	3,470,116	3,182,958	3,062,987	2,812,045
Total Business-type Activities Expenses	<u>50,067,596</u>	<u>50,297,520</u>	<u>49,674,594</u>	<u>42,940,401</u>	<u>41,093,940</u>
Total Primary Government Expenses	<u>\$ 148,478,743</u>	<u>\$ 147,970,168</u>	<u>\$ 150,845,873</u>	<u>\$ 110,044,940</u>	<u>\$ 115,004,955</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 6,993,318	\$ 6,286,457	\$ 6,797,882	\$ 6,126,357	\$ 5,805,195
Public safety	2,066,899	1,018,276	99,924	2,467,199	2,791,638
Culture and recreation	4,012,377	4,124,209	4,158,276	4,222,470	3,415,077
Public works	3,217,263	2,918,347	2,307,763	1,884,173	2,013,671
Operating grants and contributions	8,097,088	9,453,766	11,629,266	13,154,097	9,531,551
Capital grants and contributions	120,191	3,894,932	3,150,822	455,039	244,322
Total Governmental Activities	<u>24,507,136</u>	<u>27,695,987</u>	<u>28,143,933</u>	<u>28,309,335</u>	<u>23,801,454</u>
Program Revenues	<u>24,507,136</u>	<u>27,695,987</u>	<u>28,143,933</u>	<u>28,309,335</u>	<u>23,801,454</u>
Business-Type Activities					
Charges for services:					
Utility	45,103,525	45,961,891	47,255,972	44,216,547	39,307,284
Aquatic park	4,962,173	4,657,634	5,106,502	5,308,121	4,598,425
Golf course	3,507,971	3,252,482	3,407,607	3,112,201	2,947,593
Operating grants and contributions	33,291	86,902	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities	<u>53,606,960</u>	<u>53,958,909</u>	<u>55,770,081</u>	<u>52,636,869</u>	<u>46,853,302</u>
Program Revenues	<u>53,606,960</u>	<u>53,958,909</u>	<u>55,770,081</u>	<u>52,636,869</u>	<u>46,853,302</u>
Total Primary Government					
Program Revenues	<u>\$ 78,114,096</u>	<u>\$ 81,654,896</u>	<u>\$ 83,914,014</u>	<u>\$ 80,946,204</u>	<u>\$ 70,654,756</u>
Net (Expense) Revenue					
Governmental activities	\$ (73,904,011)	\$ (69,976,661)	\$ (73,027,346)	\$ (38,795,204)	\$ (50,109,561)
Business-type activities	3,539,364	3,661,389	6,095,487	9,696,468	5,759,362
Total Primary Government Net Expense	<u>\$ (70,364,647)</u>	<u>\$ (66,315,272)</u>	<u>\$ (66,931,859)</u>	<u>\$ (29,098,736)</u>	<u>\$ (44,350,199)</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

Page 2 of 4

	2020	2019	2018	2017	2016
Expenses					
Governmental Activities:					
General government	\$ 18,402,693	\$ 14,795,971	\$ 7,726,396	\$ 10,056,228	\$ 17,381,050
Public safety	30,185,432	34,641,711	10,115,202	36,900,873	36,372,485
Culture and recreation	12,150,887	12,988,181	7,985,984	13,477,176	12,638,389
Public works	7,988,277	8,100,775	10,465,375	11,362,841	9,569,723
Interest and other fees	4,873,291	3,452,789	3,562,127	3,743,076	4,016,128
Total Governmental Activities Expenses	<u>73,600,580</u>	<u>73,979,427</u>	<u>39,855,084</u>	<u>75,540,194</u>	<u>79,977,775</u>
Business-Type Activities:					
Utility	35,405,045	33,543,900	32,041,219	31,655,646	31,490,416
Aquatic park	3,215,995	4,556,251	4,044,801	4,863,609	5,006,324
Golf course	2,136,067	2,521,179	2,562,080	2,554,338	2,465,475
Total Business-type Activities Expenses	<u>40,757,107</u>	<u>40,621,330</u>	<u>38,648,100</u>	<u>39,073,593</u>	<u>38,962,215</u>
Total Primary Government Expenses	<u>\$ 114,357,687</u>	<u>\$ 114,600,757</u>	<u>\$ 78,503,184</u>	<u>\$ 114,613,787</u>	<u>\$ 118,939,990</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 5,099,784	\$ 5,311,802	\$ 4,835,477	\$ 5,904,994	\$ 4,158,829
Public safety	1,747,559	3,122,234	2,757,133	2,443,763	3,486,887
Culture and recreation	2,572,335	4,179,364	3,487,459	3,274,056	3,246,982
Public works	1,873,331	1,206,002	1,100,243	1,118,102	979,812
Operating grants and contributions	9,705,738	8,356,606	7,086,384	4,910,865	3,336,301
Capital grants and contributions	553,335	787,186	225,013	1,647,847	4,575,258
Total Governmental Activities	<u>21,552,082</u>	<u>22,963,194</u>	<u>19,491,709</u>	<u>19,299,627</u>	<u>19,784,069</u>
Program Revenues	<u>21,552,082</u>	<u>22,963,194</u>	<u>19,491,709</u>	<u>19,299,627</u>	<u>19,784,069</u>
Business-Type Activities					
Charges for services:					
Utility	38,934,995	34,803,804	37,145,864	31,983,377	30,544,439
Aquatic park	287,217	4,072,406	3,759,312	4,117,435	4,005,048
Golf course	1,032,999	2,560,903	2,361,058	2,543,641	2,552,175
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities	<u>40,255,211</u>	<u>41,437,113</u>	<u>43,266,234</u>	<u>38,644,453</u>	<u>37,101,662</u>
Program Revenues	<u>40,255,211</u>	<u>41,437,113</u>	<u>43,266,234</u>	<u>38,644,453</u>	<u>37,101,662</u>
Total Primary Government					
Program Revenues	<u>\$ 61,807,293</u>	<u>\$ 64,400,307</u>	<u>\$ 62,757,943</u>	<u>\$ 57,944,080</u>	<u>\$ 56,885,731</u>
Net (Expense) Revenue					
Governmental activities	\$ (52,048,498)	\$ (51,016,233)	\$ (20,363,375)	\$ (56,240,567)	\$ (60,193,706)
Business-type activities	(501,896)	815,783	4,618,134	(429,140)	(1,860,553)
Total Primary Government Net Expense	<u>\$ (52,550,394)</u>	<u>\$ (50,200,450)</u>	<u>\$ (15,745,241)</u>	<u>\$ (56,669,707)</u>	<u>\$ (62,054,259)</u>

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

Page 3 of 4

	2025	2024	2023	2022	2021
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	\$ 41,246,855	\$ 39,173,607	\$ 39,004,572	\$ 37,241,474	\$ 36,030,318
Sales tax	29,655,963	27,974,040	27,620,289	26,399,204	23,960,318
Mixed beverage	153,761	152,181	159,615	150,849	128,889
Franchise and other taxes	3,825,837	3,822,038	4,014,100	3,755,969	3,557,946
Occupancy	430,548	446,332	312,158	328,965	313,649
Grants not restricted to specific programs	2,334,117	2,007,238	4,526,423	-	-
Unrestricted investment earnings	6,832,537	10,502,382	6,235,547	(786,588)	109,853
Gain on sale of capital assets	190,750	326,355	115,818	3,419,511	-
Miscellaneous	877,130	439,957	664,540	148,772	983,598
Special Items	-	-	-	(7,547,912)	-
Transfers	3,438,779	4,716,969	4,657,924	1,379,404	2,733,649
Total Governmental Activities	88,986,277	89,561,099	87,310,986	64,489,648	67,818,220
Business-Type Activities:					
Unrestricted investment earnings	1,637,306	2,199,758	1,279,778	(301,257)	3,112
Gain on sale of capital assets	405	4,248	272	232,011	-
Miscellaneous	140,972	309,450	1,160,617	1,074,905	41,500
Transfers	(3,438,779)	(4,716,969)	(4,657,924)	(1,379,404)	(2,733,649)
Total Business-Type Activities	(1,660,096)	(2,203,513)	(2,217,257)	(373,745)	(2,689,037)
Total Primary Government	\$ 87,326,181	\$ 87,357,586	\$ 85,093,729	\$ 64,115,903	\$ 65,129,183
Changes in Net Position:					
Governmental activities	\$ 15,082,266	\$ 19,584,438	\$ 14,283,640	\$ 25,694,444	\$ 17,708,659
Business-type activities	1,879,268	-	3,779,230	9,322,723	3,070,325
Total Primary Government	\$ 16,961,534	\$ 19,584,438	\$ 18,062,870	\$ 35,017,167	\$ 20,778,984

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

Page 4 of 4

	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	\$ 34,618,987	\$ 34,416,931	\$ 32,519,445	\$ 29,852,651	\$ 27,060,196
Sales tax	22,014,072	20,438,448	20,519,795	19,838,314	19,324,022
Mixed beverage	125,456	154,095	145,495	145,222	139,062
Franchise and other taxes	3,818,194	4,315,995	4,093,150	4,015,982	4,437,141
Occupancy	254,203	279,026	301,835	278,764	275,072
Grants not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	2,032,166	2,670,106	396,058	285,287	522,485
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	2,379,746	3,101,123	3,237,668	637,784	4,077,647
Special Items	-	-	-	-	-
Transfers	(684,934)	3,616,377	2,685,453	4,878,313	5,708,025
Total Governmental Activities	<u>64,557,890</u>	<u>68,992,101</u>	<u>63,898,899</u>	<u>59,932,317</u>	<u>61,543,650</u>
Business-Type Activities:					
Unrestricted investment earnings	522,875	670,582	63,542	74,378	127,777
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	1,425,737	1,735,383	2,153,798	157,285	3,116
Transfers	684,934	(3,616,377)	(2,685,453)	(4,878,313)	(5,708,025)
Total Business-Type Activities	<u>2,633,546</u>	<u>(1,210,412)</u>	<u>(468,113)</u>	<u>(4,646,650)</u>	<u>(5,577,132)</u>
Total Primary Government	<u>\$ 67,191,436</u>	<u>\$ 67,781,689</u>	<u>\$ 63,430,786</u>	<u>\$ 55,285,667</u>	<u>\$ 55,966,518</u>
Changes in Net Position:					
Governmental activities	\$ 12,509,392	\$ 17,975,868	\$ 43,535,524	\$ 3,691,750	\$ 1,349,944
Business-type activities	12,509,392	(394,629)	4,150,021	(5,075,790)	(7,437,685)
Total Primary Government	<u>\$ 25,018,784</u>	<u>\$ 17,581,239</u>	<u>\$ 47,685,545</u>	<u>\$ (1,384,040)</u>	<u>\$ (6,087,741)</u>



CITY OF NORTH RICHLAND HILLS, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 138,144	\$ 126,544	\$ 85,615	\$ 85,038	\$ 97,974	\$ 112,620	\$ 155,829	\$ 155,629	\$ 235,578	\$ 134,812
Restricted	-	-	1,805,900	1,774,039	1,740,797	1,548,032	1,345,276	1,128,109	986,704	572,174
Assigned	-	-	-	419,832	359,825	283,618	282,553	285,135	114,058	705,694
Unassigned	28,363,528	25,972,428	24,300,087	19,278,460	17,418,348	17,386,675	13,899,240	11,959,306	10,683,474	8,117,775
Total General Fund	<u>28,501,672</u>	<u>26,098,972</u>	<u>26,191,602</u>	<u>21,557,369</u>	<u>19,616,944</u>	<u>19,330,945</u>	<u>15,682,898</u>	<u>13,528,179</u>	<u>12,019,814</u>	<u>9,530,455</u>
All Other Governmental Funds										
Nonspendable	1,219,275	60,673	11,754	12,213	17,175	25,694	90,038	15,408	35,791	51,958
Restricted	57,643,555	71,185,886	83,214,796	51,090,659	67,879,762	59,937,737	38,419,489	33,168,349	30,949,263	29,505,140
Committed	31,487,315	28,826,093	14,908,343	27,325,952	14,730,496	3,068,399	4,733,528	2,251,461	2,130,744	2,067,819
Assigned	3,027,848	3,290,734	5,001,363	8,271,266	4,239,831	5,813,543	7,262,781	8,318,816	19,884,686	22,476,772
Unassigned	-	-	-	(356,601)	(25,398)	-	-	-	-	-
Total All Other Governmental Funds	<u>93,377,993</u>	<u>103,363,386</u>	<u>103,136,256</u>	<u>86,343,489</u>	<u>86,841,866</u>	<u>68,845,373</u>	<u>50,505,836</u>	<u>43,754,034</u>	<u>53,000,484</u>	<u>54,101,689</u>
Total All Governmental Funds	<u>\$ 121,879,665</u>	<u>\$ 129,462,358</u>	<u>\$ 129,327,858</u>	<u>\$ 107,900,858</u>	<u>\$ 106,458,810</u>	<u>\$ 88,176,318</u>	<u>\$ 66,188,734</u>	<u>\$ 57,282,213</u>	<u>\$ 65,020,298</u>	<u>\$ 63,632,144</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
Page 1 of 2

	2025	2024	2023	2022	2021
Revenues					
Taxes	\$ 75,254,710	\$ 71,614,344	\$ 71,114,036	\$ 67,900,287	\$ 63,924,362
Licenses and permits	2,075,037	2,427,075	2,009,138	3,083,283	3,212,074
Charges for services	8,873,132	8,706,978	8,609,913	7,769,788	6,730,132
Gas utility leases and royalties	398,455	335,440	545,430	1,134,010	659,357
Fines	2,069,638	1,367,415	1,334,004	1,974,887	2,005,086
Civil citations	-	-	-	-	-
Contributions	319,016	271,089	214,832	197,035	227,365
Special assessments	745,934	721,410	499,850	963,463	940,378
Investment income	5,515,980	9,086,397	5,132,185	(358,358)	77,182
Intergovernmental	10,210,788	13,517,588	15,759,539	6,645,348	4,520,452
Forfeitures	67,254	64,517	117,638	108,359	126,593
Miscellaneous	844,625	386,219	367,399	562,482	443,472
Total Revenues	106,374,569	108,498,472	105,703,964	89,980,584	82,866,453
Expenditures					
General government	16,852,160	15,347,837	16,847,803	10,519,193	9,630,266
Public safety	47,156,869	46,025,694	47,164,771	37,763,898	36,210,406
Culture and recreation	12,250,772	12,071,868	11,485,592	10,652,798	10,106,261
Public works	3,823,152	3,928,557	4,067,904	6,590,074	6,105,740
Capital outlay	24,565,775	23,427,802	11,523,005	11,293,257	12,170,148
Debt Service:					
Principal retirement	10,992,579	11,201,221	11,074,140	22,018,562	11,130,000
Interest and fiscal charges	4,894,385	4,598,442	4,552,452	4,187,659	4,041,070
Bond issuance costs	-	-	518,072	285,378	252,062
Total Expenditures	120,535,692	116,601,421	107,233,739	103,310,819	89,645,953
Excess of revenues over (under) expenditures	(14,161,123)	(8,102,949)	(1,529,775)	(13,330,235)	(6,779,500)
Other Financing Sources (Uses)					
Issuance of debt	-	5,815,000	17,620,000	12,200,000	18,030,000
Issuance of refunding debt	-	-	-	-	245,000
Leases issued	-	-	16,998	-	-
Subscriptions issued	1,429,759	237,232	-	-	-
Premium on issuance of debt	-	80,000	1,648,072	875,378	1,418,470
Payment of refunded bond escrow agent	-	-	-	-	(258,003)
Proceeds from sale of assets	42,665	18,404	356,229	3,373,753	8,473
Insurance recoveries	7,718	23,910	16,036	-	-
Transfers in	15,595,825	12,469,258	12,408,777	20,413,520	12,365,782
Transfers (out)	(10,497,537)	(10,406,355)	(9,109,337)	(14,542,456)	(6,747,730)
Total Other Financing Sources (Uses)	6,578,430	8,237,449	22,956,775	22,320,195	25,061,992
Net change in fund balances before special items	(7,582,693)	134,500	21,427,000	8,989,960	18,282,492
Special items	-	-	-	(7,547,912)	-
Net change in fund balances	<u>\$ (7,582,693)</u>	<u>\$ 134,500</u>	<u>\$ 21,427,000</u>	<u>\$ 1,442,048</u>	<u>\$ 18,282,492</u>
Debt service as a percentage of noncapital expenditures	16.6%	16.3%	16.3%	29.0%	18.7%

CITY OF NORTH RICHLAND HILLS, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
Page 2 of 2

	2020	2019	2018	2017	2016
Revenues					
Taxes	\$ 60,849,339	\$ 59,608,600	\$ 57,455,121	\$ 54,092,627	\$ 51,253,936
Licenses and permits	2,581,001	2,550,598	2,150,745	2,326,087	2,534,768
Charges for services	6,214,339	7,446,486	7,086,865	6,120,805	6,027,624
Gas utility leases and royalties	407,632	519,830	555,185	454,264	263,932
Fines	1,840,751	2,088,401	1,973,660	2,212,430	1,892,511
Civil citations	-	-	-	1,088,773	1,322,940
Contributions	264,029	281,178	428,977	362,139	1,795,872
Special assessments	-	4,199	8,764	775	3,755
Investment income	1,626,298	2,203,691	385,620	304,456	475,680
Intergovernmental	13,660,474	5,195,951	6,892,700	6,194,623	6,121,987
Forfeitures	56,939	114,246	86,783	92,346	112,118
Miscellaneous	652,030	1,858,022	333,603	354,955	366,569
Total Revenues	88,152,832	81,871,202	77,358,023	73,604,280	72,171,692
Expenditures					
General government	10,615,947	10,497,502	10,259,209	10,447,419	9,965,076
Public safety	35,964,977	35,480,280	34,610,632	33,044,578	31,277,423
Culture and recreation	9,898,855	10,514,871	10,335,379	10,186,032	9,634,940
Public works	5,308,773	3,258,397	3,193,928	3,153,832	3,088,996
Capital outlay	11,802,985	13,463,999	19,572,041	15,089,154	27,524,601
Debt Service:					
Principal retirement	10,595,000	10,630,000	10,745,000	10,515,000	11,187,728
Interest and fiscal charges	3,998,358	3,586,252	3,941,465	4,165,468	4,327,617
Bond issuance costs	1,273,158	216,920	-	-	-
Total Expenditures	89,458,053	87,648,221	92,657,654	86,601,483	97,006,381
Excess of revenues over (under) expenditures	(1,305,221)	(5,777,019)	(15,299,631)	(12,997,203)	(24,834,689)
Other Financing Sources (Uses)					
Issuance of debt	8,425,000	8,490,000	-	7,545,000	1,850,000
Issuance of refunding debt	3,795,000	4,865,000	-	1,695,000	2,006,810
Leases issued	-	-	-	-	-
Subscriptions issued	-	-	-	-	-
Premium on issuance of debt	1,082,100	738,173	-	362,160	97,212
Payment of refunded bond escrow agent	(4,182,132)	(5,380,743)	-	(1,682,019)	(2,025,720)
Proceeds from sale of assets	57,892	484,003	2,712,686	505,650	3,977,054
Insurance recoveries	-	-	-	-	-
Transfers in	20,663,183	14,220,231	12,180,950	14,617,046	19,233,421
Transfers (out)	(18,128,238)	(8,733,124)	(7,332,100)	(8,657,479)	(12,888,595)
Total Other Financing Sources (Uses)	11,712,805	14,683,540	7,561,536	14,385,358	12,250,182
Net change in fund balances before special items	10,407,584	8,906,521	(7,738,095)	1,388,155	(12,584,507)
Special items	-	-	-	-	-
Net change in fund balances	<u>\$ 10,407,584</u>	<u>\$ 8,906,521</u>	<u>\$ (7,738,095)</u>	<u>\$ 1,388,155</u>	<u>\$ (12,584,507)</u>
Debt service as a percentage of noncapital expenditures	19.1%	19.5%	19.8%	20.4%	20.8%

CITY OF NORTH RICHLAND HILLS, TEXAS
APPRAISED AND TAXABLE VALUE OF PROPERTY
Last Ten Fiscal Years

Table 5

Fiscal Year	Tax Year	Appraised Residential Property	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property ¹	Personal Property	Estimate for ARB & Incomplete	Less Tax Exempt Property	Estimated Net Taxable Value	Total Direct Tax Rate
2016	2015	3,117,914,468	1,538,511,112	19,220,094	46,060,377	326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
2017	2016	3,540,397,856	1,721,550,137	26,729,937	27,615,504	312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000
2018	2017	3,993,343,172	1,956,678,814	26,686,683	24,263,442	357,297,914	224,247,353	1,418,958,570	5,163,558,808	0.59000
2019	2018	4,355,697,880	2,116,508,756	27,218,496	35,225,850	392,810,455	138,916,899	1,415,773,177	5,650,605,159	0.58500
2020	2019	4,812,901,628	2,241,160,157	31,415,440	50,684,038	406,907,002	229,471,415	1,585,662,386	6,186,877,294	0.57200
2021	2020	5,062,264,162	2,309,546,837	32,577,105	48,806,708	418,908,297	392,770,420	1,915,679,645	6,349,193,884	0.57570
2022	2021	5,463,675,235	2,428,279,033	32,975,644	46,974,852	415,877,607	289,559,979	1,826,185,503	6,851,156,847	0.57218
2023	2022	6,150,649,072	2,782,540,860	34,289,102	64,655,044	437,574,783	253,907,630	2,147,406,099	7,576,210,392	0.54797
2024	2023	7,058,364,992	3,069,954,235	35,428,221	94,476,173	486,499,296	317,261,785	2,438,665,346	8,623,319,356	0.48939
2025	2024	7,591,477,469	3,119,358,216	37,798,071	42,388,297	520,587,043	225,196,270	2,456,910,209	9,079,895,157	0.48939

Source: December Tarrant Appraisal District Certified Tax Roll and City budget

¹ This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

CITY OF NORTH RICHLAND HILLS, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(per \$100 assessed value)

Last Ten Fiscal Years

Table 6

Fiscal Year	City of North Richland Hills			Junior college ¹	Birdville school district ¹	Hospital ¹	County ¹	Total
	General fund ²	Debt service fund ²	Total ²					
2016	0.364730	0.245270	0.610000	0.149500	1.453900	0.227897	0.264000	2.705297
2017	0.348083	0.261917	0.610000	0.144730	1.453900	0.227897	0.254000	2.690527
2018	0.328640	0.261360	0.590000	0.140060	1.453900	0.224429	0.244000	2.652389
2019	0.327088	0.257912	0.585000	0.136070	1.453900	0.224429	0.234000	2.633399
2020	0.334940	0.237060	0.572000	0.130170	1.383900	0.224429	0.234000	2.544499
2021	0.343611	0.232089	0.575700	0.130170	1.380300	0.224429	0.234000	2.544599
2022	0.348864	0.223320	0.572184	0.130170	1.338000	0.224430	0.229000	2.493784
2023	0.347742	0.200230	0.547972	0.130170	1.279800	0.224430	0.224000	2.406372
2024	0.313579	0.175810	0.489389	0.112170	1.203100	0.194500	0.194500	2.193659
2025	0.331432	0.157957	0.489389	0.112280	1.198300	0.182500	0.187500	2.169969

Sources ¹ Tarrant County

² City records

CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
Table 7
Year ended September 30, 2025

Taxpayer	Type of Business	2024 Assessed Valuation*	% of Total Assessed Valuation
S2 8500 Harwood LLC	Multi Family	\$ 120,900,000	1.33%
Star Delano LLC/Star Meadows LLC	Multi Family	104,100,000	1.15%
26 at City Point LLC/NRH Iron Horse LLC	Multi Family	102,900,000	1.13%
Pecos Housing Finance Corporation	Multi Family	95,700,000	1.05%
Company One LLC	Real Estate	83,700,000	0.92%
Silver Creek LL LLC	Multi Family	72,200,000	0.80%
CRP/NRP City Point Owner LP	Multi Family	71,800,000	0.79%
Sovereign at Hometown LLC	Multi Family	68,400,000	0.75%
Cavalli at Iron House Station POE LLC	Multi Family	68,100,000	0.75%
SPI Hometown 316 DE LLC	Multi Family	64,300,000	0.71%
		<u>\$ 852,100,000</u>	<u>9.38%</u>

Year ended September 30, 2016

Taxpayer	Type of Business	2015 Assessed Valuation*	% of Total Assessed Valuation
Wal-Mart	Retail	\$ 56,481,483	1.42%
Aragon 2014/8500 Harwood LLC	Multi Family	46,787,500	1.18%
Columbia N Hills Hosp Sub	Healthcare Provider	41,217,465	1.04%
Ap Wp N Richland Hills Reit	Multi Family	35,325,823	0.87%
AP Wp Green Reit LLC	Multi Family	34,993,324	0.86%
Enclave at Hometown LP	Multi Family	34,950,000	0.86%
Company One, LLC	Real Estate	30,408,220	0.75%
Oncor Electric Delivery Co.	Utility Service Provider	23,194,169	0.57%
Chesapeake Operating	Gas Utility	28,493,620	0.70%
AR-Hightower LP Etal	Multi Family	23,657,000	0.58%
		<u>\$ 355,508,604</u>	<u>8.82%</u>

* Source: Tarrant Appraisal District

CITY OF NORTH RICHLAND HILLS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year ¹	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy	Amount	Amount	Percent of Levy
2016	2015	0.61000	25,342,035	24,810,326	97.90%	473,039	25,283,365	99.77%
2017	2016	0.61000	28,102,997	27,221,718	96.86%	834,632	28,056,350	99.83%
2018	2017	0.59000	30,455,592	29,254,234	96.06%	1,123,646	30,377,880	99.74%
2019	2018	0.58500	32,788,890	31,270,097	95.37%	253,717	31,523,815	96.14%
2020	2019	0.57200	35,061,148	33,251,865	94.84%	228,189	33,480,054	95.49%
2021	2020	0.57570	37,064,012	35,000,652	94.43%	204,363	35,205,015	94.98%
2022	2021	0.57218	39,369,801	37,056,767	94.12%	201,061	37,056,767	94.12%
2023	2022	0.54797	41,053,092	38,921,229	94.81%	(156,064)	38,921,229	94.81%
2024	2023	0.48939	41,274,082	39,334,504	95.30%	(28,098)	39,334,504	95.30%
2025	2024	0.48939	43,553,042	41,001,021	95.14%	-	41,001,021	94.14%

¹ Amounts represent the calculated levy by the Tarrant County Tax Office prior to exemptions.

CITY OF NORTH RICHLAND HILLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (dollars in thousands, except per capita)

Table 9

			Governmental Activities					Total	Percentage	Governmental
Fiscal	Estimated	Net Taxable	General	Certificates	Special	Lease	Subscription	Governmental	of Net	Activities
Year	Population ¹	Value ²	Obligation	of	Assessment	Liabilities	Liabilities	Activities	Taxable	Debt
			Bonds	Obligation				Debt	Value	Per Capita ¹
2016	69,204	4,150,188	77,625	46,330	-	-	-	123,955	2.99%	1,791
2017	69,768	4,599,695	71,478	49,485	-	-	-	120,963	2.63%	1,734
2018	69,600	5,163,559	64,925	44,825	-	-	-	109,750	2.13%	1,577
2019	71,269	5,650,605	60,131	47,395	-	-	-	107,526	1.90%	1,509
2020	71,508	6,186,877	56,130	49,487	11,580	-	-	117,197	1.89%	1,639
2021	70,380	6,349,193	68,406	45,135	11,375	-	-	124,916	1.97%	1,775
2022	71,904	6,851,156	72,816	34,580	8,050	98	-	115,544	1.69%	1,607
2023	72,587	7,576,210	81,845	32,870	7,870	72	378	123,035	1.62%	1,695
2024	73,311	8,623,319	80,400	28,560	7,680	28	662	117,330	1.36%	1,600
2025	74,859	9,079,895	73,386	24,485	7,485	-	3,232	108,588	1.20%	1,451
Other Gov't Activities										
Debt										
		Business-Type Activities								

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See Table 13 for additional population statistics.

² See Table 5 for additional information on net taxable value.

³ Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

CITY OF NORTH RICHLAND HILLS, TEXAS

**DIRECT AND ESTIMATED OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

Last Ten Fiscal Years

Table 10

Taxing Jurisdiction	Net Bonded Outstanding Debt	Overlapping Percentage Applicable ²	City Share of Overlapping Debt
City of North Richland Hills	\$ 108,587,805 ¹	100.00%	\$ 108,587,805
Birdville Independent School District	575,575,000	48.80%	280,880,600
Hurst-Euless-Bedford Independent School District	813,765,000	0.06%	488,259
Keller Independent School District	678,700,000	3.67%	24,908,290
Tarrant County	314,050,000	2.99%	9,390,095
Tarrant County Hospital District	547,535,000	2.99%	16,371,297
Tarrant County College District	431,255,000	2.99%	12,894,525
Total Overlapping Debt			344,933,065
Total Direct and Overlapping Debt			\$ 453,520,870

Source: Municipal Advisory Council of Texas

¹ Includes self-supporting debt.

² The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.



CITY OF NORTH RICHLAND HILLS, TEXAS**COMPUTATION OF LEGAL DEBT MARGIN***Last Ten Fiscal Years***Table 11**

Fiscal Year	Estimated Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%
2018	5,163,558,808	77,453,382	16,751,884	60,701,498	21.63%
2019	5,650,605,159	84,759,077	16,849,964	67,909,113	19.88%
2020	6,187,263,435	92,808,952	16,435,242	76,373,710	17.71%
2021	6,349,193,884	95,237,908	17,076,637	78,161,271	17.93%
2022	6,851,156,847	102,767,353	15,481,368	87,285,985	15.06%
2023	7,576,210,392	113,643,156	13,281,601	100,361,555	11.69%
2024	8,623,319,356	129,349,790	13,825,192	115,524,598	10.69%
2025	9,079,895,157	136,198,427	14,180,199	122,018,228	10.41%

CITY OF NORTH RICHLAND HILLS, TEXAS

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Table 12

Fiscal Year	Parks and Recreation Facilities Development Bonds						
	Sales Tax Revenues	Less: Current Expenditures ³	Net Revenue Available ²	Debt Service		Total ¹	Coverage
				Principal	Interest		
2016	4,837,974	(5,896,984)	(1,059,010)	240,000	89,055	329,055	(3.22)
2017	4,964,710	(6,235,946)	(1,271,236)	240,000	80,393	320,393	(3.97)
2018	5,140,554	(6,328,312)	(1,187,758)	430,000	197,685	627,685	(1.89)
2019	5,113,739	(6,502,089)	(1,388,350)	350,000	174,555	524,555	(2.65)
2020	5,509,712	(6,050,286)	(540,574)	345,000	164,030	509,030	(1.06)
2021	5,995,942	(6,355,624)	(359,682)	310,000	153,005	463,005	(0.78)
2022	6,609,698	(6,730,306)	(120,608)	310,000	125,100	435,100	(0.28)
2023	6,909,918	(7,352,173)	(442,255)	310,000	132,005	442,005	(1.00)
2024	6,995,252	(7,630,115)	(634,863)	310,000	121,505	431,505	(1.47)
2025	7,414,294	(7,816,768)	(402,474)	310,000	111,005	421,005	(0.96)

¹ Includes interest and fiscal agent charges.

² Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

³ Excludes capital outlay.

CITY OF NORTH RICHLAND HILLS, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 13

Fiscal Year	Estimated Population ²	Median Income ⁵	Per Capita Income ⁵	Median Age ⁵	Education Level ^{5 6}	School Enrollment ^{1 4}	Unemployment Rate ³
2016	69,204	65,121	32,549	38.9	92%	11,206	3.8%
2017	69,768	66,884	34,520	39.1	92%	10,970	3.8%
2018	69,600	67,812	34,839	39.2	93%	10,917	3.4%
2019	71,269	71,338	36,296	39.5	92%	11,070	3.0%
2020	71,508	71,098	37,239	39.5	92%	10,723	3.0%
2021	70,380	74,133	38,888	39.9	93%	10,616	3.9%
2022	71,904	78,974	43,098	39.9	94%	10,791	3.2%
2023	72,587	78,435	43,378	40.2	93%	10,759	3.5%
2024	73,311	86,390	46,623	39.6	94%	10,937	3.4%
2025	74,859	89,968	49,667	39.9	93%	10,706	3.6%

Data Sources:

¹ Birdville Independent Schools District

² City estimates

³ Texas Employment Commission

⁴ Includes North Richland Hills students only

⁵ ESRI Business Information Solutions, Inc.

⁶ Reported as a percentage of residents with a high schools diploma or greater



CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
Table 14
Year ended September 30, 2025

Employer	Employees ³	Rank	Percentage of Total City Employment *
City of North Richland Hills	889	1	2.24%
Wal-Mart Supercenters	695	2	1.75%
Birdville ISD ¹	681	3	1.72%
Medical City North Hills	615	4	1.55%
Health Markets HQ	452	5	1.14%
Tarrant County College - NE Campus ²	397	6	1.00%
Tyson Prepared Foods	380	7	0.96%
XPO Logistics	260	8	0.66%
Portfolio Recovery Associates	233	9	0.59%
Smurfit Kappa	200	10	0.50%
	4,802		12.11%

Year ended September 30, 2016

Employer	Employees ³	Rank	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,650	1	4.36%
Wal-Mart Supercenters	795	2	2.10%
Birdville ISD ¹	791	3	2.09%
North Hills Hospital	785	4	2.07%
City of North Richland Hills	543	5	1.43%
Tarrant County College - NE Campus ²	476	6	1.26%
HealthMarkets	452	7	1.19%
Tyson Prepared Foods	380	8	1.00%
Silverleaf Resorts	278	9	0.73%
Portfolio Recovery Associates	233	10	0.62%
	6,383		16.85%

¹ Number denotes employees working in schools in the City of North Richland Hills.

² Split with Hurst.

³ Actual number of employees employed at time of reporting.

* Source: City records

CITY OF NORTH RICHLAND HILLS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 15
Page 1 of 2

Function	2025	2024	2023	2022	2021
General government					
Administration	7.25	8.00	8.00	8.00	7.00
Public information	4.50	4.50	4.50	3.50	3.50
Judicial	16.00	15.00	15.00	15.00	15.00
Finance	21.00	21.00	22.50	22.50	22.50
Nondepartmental	0.50	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	13.30	12.30	12.30	12.30	12.30
Neighborhood services	22.80	22.78	22.78	21.78	21.78
Budget and research	3.50	3.00	3.00	3.00	3.00
Public relations	3.48	3.48	3.48	3.48	3.50
Total general government	93.33	92.06	93.56	91.56	90.58
Public safety					
Police	217.63	211.38	206.36	203.36	201.86
Fire	100.74	100.50	100.50	100.00	100.00
Total public safety	318.37	311.88	306.86	303.36	301.86
Culture and recreation					
Parks and recreation	147.48	147.48	147.86	147.86	148.87
Library	27.55	27.55	27.05	27.05	27.53
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	178.03	178.03	177.91	177.91	179.40
Public works	81.45	81.70	80.70	79.20	78.70
Internal services					
Building services	15.63	15.63	15.63	15.50	17.25
Equipment services	13.00	13.00	13.00	12.00	12.00
Self-insurance	5.00	5.00	5.00	5.00	5.00
Information services	12.50	13.50	13.50	12.50	12.00
Total internal services	46.13	47.13	47.13	45.00	46.25
Total full-time equivalents	717.31	710.80	706.16	697.03	696.79

Source: City operating budget

CITY OF NORTH RICHLAND HILLS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 15
Page 2 of 2

Function	2020	2019	2018	2017	2016
General government					
Administration	7.00	7.00	7.00	6.00	5.00
Public information	3.50	3.00	3.00	3.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.50	22.50	22.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	12.30	12.30	10.30
Neighborhood services	21.78	21.78	21.78	19.73	19.73
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.50	3.50	3.50	3.50
Total general government	90.58	90.08	90.08	86.53	85.53
Public safety					
Police	200.86	200.86	195.86	203.13	193.88
Fire	100.00	100.00	94.00	94.00	94.00
Total public safety	300.86	300.86	289.86	297.13	287.88
Culture and recreation					
Parks and recreation	149.87	150.24	148.25	161.95	163.48
Library	27.53	27.74	27.74	27.53	28.03
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	180.40	180.98	178.99	192.48	194.51
Public works	79.70	79.70	79.70	69.43	79.18
Internal services					
Building services	17.25	16.38	13.88	13.63	15.63
Equipment services	12.00	12.00	13.00	13.00	13.00
Self-insurance	5.00	5.00	5.00	5.00	5.00
Information services	12.00	12.00	12.00	12.00	12.00
Total internal services	46.25	45.38	43.88	43.63	45.63
Total full-time equivalents	697.79	697.00	682.51	689.20	692.73

Source: City operating budget

CITY OF NORTH RICHLAND HILLS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 16
Page 1 of 2

Function	2025	2024	2023	2022	2021
General government					
Planning and inspections					
Construction					
Commercial units	5	22	8	16	24
Commercial value	\$ 6,427,860	\$ 56,178	\$ 14,950,000	\$ 66,042,535	\$ 45,570,582
Residential units	86	227	114	260	306
Residential value	\$ 42,221,089	\$ 90,838,760	\$ 40,582,056	\$ 89,428,202	\$ 100,525,572
Public Safety					
Police					
Law violations ¹	2,447	2,174	2,036	2,185	1,729
Part one offenses	1,940	2,382	1,573	1,748	1,890
Traffic violations	15,194	9,572	8,632	14,109	10,115
Calls for service	49,751	51,998	47,232	48,391	44,390
Case clearance %	45%	40%	41%	46%	41%
Fire					
Total responses	10,890	10,544	10,258	9,489	9,116
Fire responses	3,322	3,185	3,199	2,871	2,836
EMS responses	7,568	7,359	7,059	6,618	6,280
% responses < 5 minutes ³			-	-	-
% responses < 4 minutes ³	52%	56%	32%	31%	29%
% responses < 8 minutes ³	91%	91%	88%	92%	95%
Total inspections	1,780	2,022	1,918	2,364	2,364
Culture and recreation					
Parks and recreation					
Water park admissions	161,896	166,009	165,463	194,303	181,808
Golf rounds played	46,451	45,751	42,842	44,085	44,362
Library					
Number of volumes	144,827	190,897	150,413	162,703	150,086
Annual circulation	570,137	613,549	604,512	629,931	657,608
Annual loans per capita	7.62	8.37	8.33	8.76	9.34
Public Works					
Water					
Avg daily consumption ²	1,241,344	1,214,248	1,285,893	1,303,944	1,181,115
Peak daily consumption ²	1,885,428	2,441,043	2,441,043	2,252,406	2,252,406
Streets					
Street overlay - miles	10	4	5	4	2
Concrete pavement repair - sq. ft.	13,475	16,475	44,981	21,010	34,550
Pothole repair - sq. ft.	6,479	5,963	7,716	6,007	8,073
Street cut - st. ft.	28,754	30,562	28,131	34,670	27,015
Sign fabrication	330	341	358	335	437

Source: City Records

¹ Excludes traffic violations.

² Cubic feet.

³ New records system implemented for Fire.

CITY OF NORTH RICHLAND HILLS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 16
Page 2 of 2

Function	2020	2019	2018	2017	2016
General government					
Planning and inspections					
Construction					
Commercial units	27	29	21	31	20
Commercial value	\$ 15,022,201	\$ 49,609,337	\$ 67,800,454	\$ 53,156,352	\$ 13,603,082
Residential units	253	211	234	233	238
Residential value	\$ 80,289,238	\$ 70,298,392	\$ 80,589,505	\$ 81,180,734	\$ 75,615,139
Public Safety					
Police					
Law violations ¹	1,931	2,333	2,697	2,772	2,595
Part one offenses	1,393	1,655	1,830	1,662	1,560
Traffic violations	17,245	17,953	7,721	18,404	17,566
Calls for service	40,070	39,448	123,112	120,098	111,984
Case clearance %	46%	54%	47%	52%	23%
Fire					
Total responses	8,025	8,234	8,354	8,205	7,932
Fire responses	2,494	2,549	2,691	2,567	2,402
EMS responses	5,531	5,685	5,663	5,638	5,530
% responses < 5 minutes ³	-	67%	66%	56%	64%
% responses < 4 minutes ³	55%	-	-	-	-
% responses < 8 minutes ³	94%	-	-	-	-
Total inspections	1,711	2,958	3,201	2,549	3,143
Culture and recreation					
Parks and recreation					
Water park admissions	12,501	185,971	184,064	202,515	221,101
Golf rounds played	18,961	46,915	42,953	49,147	47,873
Library					
Number of volumes	146,928	162,460	164,482	179,303	174,156
Annual circulation	576,827	728,605	778,166	764,520	814,070
Annual loans per capita	8.07	10.72	11.18	10.96	11.76
Public Works					
Water					
Avg daily consumption ²	1,201,993	1,101,439	1,247,915	1,153,565	1,160,247
Peak daily consumption ²	2,649,332	2,345,187	2,614,572	2,096,524	2,614,973
Streets					
Street overlay - miles	7	4	7	6	4
Concrete pavement repair - sq. ft.	7,810	4,324	5,166	13,921	14,052
Pothole repair - sq. ft.	4,522	8,521	4,800	3,018	4,767
Street cut - st. ft.	79,110	68,430	93,310	147,676	162,607
Sign fabrication	684	1,158	1,599	1,332	1,215

Source: City Records

¹ Excludes traffic violations.

² Cubic feet.

³ New records system implemented for Fire.

CITY OF NORTH RICHLAND HILLS, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 17
Page 1 of 2

Function	2025	2024	2023	2022	2021
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Fire hydrants	2,486	2,468	2,350	2,339	2,337
Culture and recreation					
Parks and recreation					
Parks	40	39	39	39	39
Park acreage	901	899	899	899	899
Playgrounds	21	21	21	22	22
Trails - miles	37	36	36	36	35 ²
Golf courses	1	1	1	1	1
Recreation centers	1	1	1	1	1
Athletic fields	62	51	51	51	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works¹					
Water main - miles	377	377	379	377	379
Water connections	24,043	23,951	23,749	23,570	23,317
Wastewater lines - miles	307	306	258	258	260
Wastewater connections	22,634	22,144	21,918	21,784	21,558
Storm drain - miles	143	142	142	142	142
Streets - miles	253	253	252	252	248
Street lights	3,021	3,011	3,001	2,995	2,990

Source: City Records

¹ Department's system inventory report was calculated by outside source.

² Addition of Mountain Bike Trails

CITY OF NORTH RICHLAND HILLS, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 17
Page 2 of 2

Function	2020	2019	2018	2017	2016
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Fire hydrants	2,318	2,304	2,279	2,256	2,251
Culture and recreation					
Parks and recreation					
Parks	39	39	39	39	34
Park acreage	899	899	899	899	735
Playgrounds	22	22	22	22	22
Trails - miles	31	31	31	31	31
Golf courses	1	1	1	1	1
Recreation centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works¹					
Water main - miles	374	372	372	371	370
Water connections	22,990	22,707	22,492	22,233	21,988
Wastewater lines - miles	257	255	257	256	255
Wastewater connections	21,237	20,958	20,711	20,430	20,212
Storm drain - miles	141	140	139	139	139
Streets - miles	247	246	244	241	241
Street lights	2,980	2,977	2,948	2,550	2,545

Source: City Records

¹ Department's system inventory report was calculated by outside source.

² Addition of Mountain Bike Trails



Glossary



CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

ACCOUNT

A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance control, or fund balance.

ACCOUNT PAYABLE

A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNT RECEIVABLE

An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government.

ACCOUNTING SYSTEM

The total set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL ACCOUNTING

A basis of accounting in which revenues are recognized in the period in which they are earned and become measurable, and expenses are recognized in the period incurred instead of when cash is actually received or spent.

ACCRUED INTEREST

Interest that has been earned and recorded, but has not been received.

ACFR

ACFR is an acronym for **Annual Comprehensive Financial Report**. (See also *ANNUAL COMPREHENSIVE FINANCIAL REPORT*.)

ACTUARIAL

Relating to actuaries or their work of compiling and analyzing statistical calculations to assess risk in insurance, finance and other industries and professions.

AD VALOREM TAX (See also *PROPERTY TAX*.)

A tax based on value of land and improvements (property tax).

AGENDA

A formal listing of items to be discussed during a public meeting. Agendas for public meetings are posted 72 hours in advance, in compliance with the Open Meetings Act.

AMORTIZE

To amortize is to allocate the cost of an intangible asset over a period of time.

ANNUITY

A fixed sum of money paid to someone each year, typically for the rest of their life.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Annual comprehensive financial report (ACFR) is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board.

APPROPRIATION

An authorization granted by City Council to make expenditures and to incur obligations for specific purpose. Usually limited in amount and as to the time when it may be expended.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

ARBITRAGE

With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn positive arbitrage in connection with tax-exempt bonds.

ASSESSED VALUATION

A valuation set upon real estate or other property by government as a basis for levying taxes. (See also *TAXABLE VALUE*.)

ASSETS

Property owned by a government, which has economic value.

AUDIT

In general, an official inspection of an individual's or organization's accounts by an independent body. The City's charter requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. In practice, that means the City contracts with an independent certified public accountant to audit the year-end financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

AUDIT COMMITTEE

The Audit Committee is responsible for recommending to the City Council an independent auditor as needed, reviewing the audit of the City's basic financial statements prior to submission to the City Council, and assisting the independent auditor and city staff with the presentation of the audit to the City Council. The Audit Committee is composed of members of the City Council as well as the City Manager and the City's Director of Finance.

BALANCE SHEET

A statement purporting to present the financial position of an entity by disclosing the value of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equities as of a specified date.

BALANCED BUDGET

A budget in which total recurring expenditures for any fiscal year do not exceed total recurring revenues for that same fiscal year.

BASE LEVEL SERVICES

Funding required to meet current service level.

BASIC FINANCIAL STATEMENTS

The basic financial statements are comprised of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, and are subjected to an annual audit by an independent certified public accountant. The basic financial statements are included in the Annual comprehensive financial report along with unaudited information, including introductory information, required supplementary information, and statistical information.

BASIS OF ACCOUNTING

Refers to when revenues and expenditures are recognized in the accounts and reported in the financial records of the City, regardless of the measurement focus applied. Accounting records for governmental fund types are maintained on a modified accrual basis of accounting, with revenue being recorded when available and measurable, and expenditures being recorded when services or goods are received and the liabilities are incurred.

BASIS OF BUDGETING (See also *MODIFIED ACCRUAL*.)

The City's basis for budgeting is the modified accrual basis for governmental funds, including the General Fund. Budgeting for proprietary funds, which includes the Enterprise Fund, is essentially on the full accrual basis. Encumbrances are recognized by both governmental and proprietary funds since encumbrances represent a commitment of funding for goods and services.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

BEGINNING BALANCE

The residual non-restricted funds brought forward from the previous fiscal year (ending balance).

BONDS

Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or formula for determining the interest rate.

BOND DEBT

That portion of indebtedness represented by outstanding bonds.

BOND PROPOSITION

A recommendation to issue debt and a proposal as to the best use of the bonds.

BUDGET

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term is also sometime used to denote the officially approved expenditure ceiling under which a government and its departments operate.

BUDGET AMENDMENT

A revision of the adopted budget that, when approved, replaces the original provision and increases or decreases the budget appropriation.

BUDGET CALENDAR

The schedule of key dates that a government follows in preparation and adoption of the budget.

BUDGET ENHANCEMENT

A request to enhance current service level beyond current funding.

BUDGET ORDINANCE

Governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

BUDGET PERIOD

The period for which a budget is proposed or a budget ordinance is adopted.

BUDGETARY CONTROL

The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within limitations of available appropriation and available revenues.

BUDGETED FUNDS

Funds for which annual budgets are legally adopted, as opposed to non-budgeted funds for which annual budgets are not legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees.

BUSINESS-TYPE ACTIVITIES

Business-type activities include any activity engaged in the primary purpose of making a profit. Business-type activities are financed in whole or in part by fees charged to external users for goods or services and are generally reported in Enterprise Funds.

CAPITAL IMPROVEMENT

The addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its useful life or adapt it to new uses.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

CAPITAL IMPROVEMENT PLAN

A comprehensive plan that projects the capital needs of a community. Generally, it is a cyclical process that estimates the needs for a set number of years. Capital Improvements Plans are essential for sound infrastructure and financial planning.

CAPITAL ASSET

An item costing more than \$5,000 and having a useful life of more than one year.

CAPITAL EXPENDITURE

Also called a CAPITAL OUTLAY — An expenditure to acquire a capital asset.

CAPITAL PROJECTS FUND

Is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

CASH BASIS

A method of accounting in which revenues and expenses are recognized and recorded when received, not necessarily when earned.

CASH EQUIVALENTS

Cash equivalents are investments securities that are for short-term investing, and they have high credit quality and are highly liquid. Cash equivalents, also known as "cash and equivalents," are one of the three main asset classes, along with stocks and bonds. These securities have a low-risk, low-return profile and include U.S. government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

CHART OF ACCOUNTS

The classification system used by the City to organize the accounting for various funds.

CHARTER

A written instrument setting forth principles and laws of government within boundaries of the City.

CIP

CIP is an acronym for **Capital Improvement Plan**. (See also *CAPITAL IMPROVEMENT PLAN*.)

CITY COUNCIL

The legislative body that governs the City.

CITY COUNCIL PRIORITIES

A five-year planning horizon focusing on safety, infrastructure and facilities, residential and recreational, budget and finance, and commercial redevelopment.

CITY MANAGER

An appointed official who directs the administration of the City.

CITIZEN

An inhabitant of the City.

COMPREHENSIVE PLAN

A Comprehensive Plan is to anticipate and guide future development trends in a manner that will provide a community with a balanced use of land that promotes a superior quality of life.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

CONSUMER PRICE INDEX

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. The CPI is calculated by the U.S. Bureau of Labor Statistics.

CONTINGENCY

Funds set aside in a reserve account for major expenditures or for emergencies.

COUNTERPARTY

A counterparty is the other party that participates in a financial transaction, and every transaction must have a counterparty for the transaction to go through.

CPI

CPI is an acronym for **Consumer Price Index**. (See also *CONSUMER PRICE INDEX*.)

CREDIT RISK

Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

CURRENT ASSETS

Cash and other assets expected to be converted to cash, sold, or consumed within in a year or in the operating cycle.

CURRENT FINANCIAL RESOURCES MEASUREMENT

Current financial resources measurement focus is where the financial statements report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operation of governmental funds.

CURRENT LIABILITIES

Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

CUSTODIAL CREDIT RISK

In the case of deposits, this is the risk that the event of a bank failure, the City's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that in the position of an outside party.

DEBT SERVICE

The amount of money required for interest and principal payments on an outstanding debt in any given year.

DEBT SERVICE FUND

Also called a SINKING FUND - A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt.

DEBT RATE

The City's property tax rate has two components, the **general rate** which generates property tax revenues used to fund operations and the **debt rate** which generates property tax revenues used to fund the repayment of debt. (See also *PROPERTY TAX RATE*.)

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES

Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period.

For example, prepaid items and deferred charges.

DEFICIT

The excess of expenditures over revenues during an accounting period; or in the case of Enterprise Funds, the excess of expense over income during an accounting period.

DELINQUENT TAXES

Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

DEPRECIATION

A non-cash expense that reduces the value of an asset as a result of wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

DIRECTOR OF FINANCE DEPARTMENT

The officer of the City that has primary responsibility for managing the City's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

DISCOUNT RATE

The interest rate you need to earn on a given amount of money today to end up with a given amount of money in the future.

EFFECTIVE TAX RATE

The tax rate required to generate the same amount of revenue as in the preceding year on the same properties.

ENCLAVE

A portion of territory within or surrounded by a larger territory.

ECONOMIC RESOURCES

Economic resources are the goods or services available to the City used to produce valuable consumer products. The classic economic resources include land, labor and capital.

ECONOMIC RESOURCES MEASUREMENT FOCUS

Economic resources measurement focus is where a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting.

ENCUMBRANCE

Obligations in the form of purchase orders, contracts, or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or actual liability is set up, at which point they become expenditures.

ENDING BALANCE

The dollars remaining after current expenditures for operations and debt service are subtracted from the sum of the beginning fund balance and current resources. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

ENTERPRISE FUND

A fund established to account for operations which: (a) finance and operate in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

EXPENDITURES

Decreases in net financial resources. They include current operating expenses that require the current or future use of net current assets, debt service, and capital outlay.

FEES

Charges for services.

FEMA

FEMA is an acronym for **Federal Emergency Management Agency**.

FIDUCIARY

A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person.

FINANCIAL STATEMENTS

Written records that convey the business activities and the financial performance of the City.

FISCAL FORECAST

A management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services.

FISCAL YEAR

A twelve-month period of time to which the annual budget applies, and at the end of which, the City determines its financial position and results of operation. The fiscal year for the City of North Richland Hills runs from October 1 to September 30 of the following year.

FIXED ASSETS

Assets of long-term character intended to continue to be held or used. Examples are land, buildings, and improvements such as machinery and equipment.

FIXED COST

Costs which do not change with increases or decreases in the amount of services provided, such as rent.

FRANCHISE

A special privilege granted by a government, permitting the continued use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

FTE

FTE is an acronym for **Full-Time Equivalent**. (See also *FULL TIME EQUIVALENT*.)

FULL TIME EQUIVALENT

A unit that indicates the workload of a single full-time worker. The concept is used to convert the hours worked by part-time employees into the hours worked by full-time employees. For example, someone who works a half-day would be 0.5 full time equivalents. The City budgets authorized employment positions using full time equivalents. For example, there might be a part-time library assistant position budgeted as 0.5 FTE, which would be the equivalent of one-half of a full-time employee.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

FUND

A fiscal and accounting entity with a self-balancing set of accounts. A fund records cash and other financial resources, all related liabilities, residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE

The balance of net financial resources that is spendable or available. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

FUND BALANCE POLICY

A policy requiring a minimum fund balance to be kept in reserve. Fund balances over the policy requirements may be appropriated in the budget.

FUND FINANCIAL STATEMENTS

For governmental and proprietary funds, special and extraordinary items are reported separately at the bottom of the statement of revenues, expenditures and changes in fund balances or the statement of revenues, expenses and changes in net position, respectively.

FUNDING SOURCE

Specifically identified dollars allocated to meet budgeted requirements.

GAAP

GAAP is an acronym for **Generally Accepted Accounting Principles**. (See also *GENERALLY ACCEPTED ACCOUNTING PRINCIPLES*.)

GENERAL FIXED ASSETS

Capital assets that are not assets of any particular fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds (as opposed to proprietary funds).

GENERAL FUND

A fund established to account for all financial resources except those required to be accounted for in another fund. Examples of General Fund departments include Parks, Facilities and Recreation, Fire Department, Library, Finance and Municipal Court, Streets and Drainage, Development Services, and Police Department.

GENERAL OBLIGATION BONDS (G.O. BONDS)

Bonds secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. They are usually issued to pay for general capital improvements such as parks and streets.

GENERAL RATE

The City's property tax rate has two components, the **General Rate** which generates property tax revenues used to fund operations and the **Debt Rate** which generates property tax revenues used to fund the repayment of debt. The General Rate is sometimes referred to as the Maintenance and Operations Rate, or M&O Rate. (See also *PROPERTY TAX RATE*.)

GENERAL REVENUE

Funds acquired through business and property taxation. Monies that may be utilized for any purposes as received at the state and local levels of government.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentations.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

GEOGRAPHIC INFORMATION SYSTEM

A system is designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data allowing one to visualize, question, analyze, and interpret data to understand relationships, patterns, and trends.

GIS

GIS is an acronym for **Geographic Information System**. (See also *GEOGRAPHIC INFORMATION SYSTEM*.)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements report information about the government as a whole without displaying individual funds or fund types.

GOVERNMENTAL ACCOUNTING

The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of government.

GOVERNMENTAL ACCOUNTING STANDARD BOARD (GASB)

The governing body that sets accounting standards specifically for governmental entities at the state and local level.

GOVERNMENTAL ACTIVITIES

Governmental activities are general government activities and are financed primarily through taxes. Governmental activities generally are reported in governmental funds. All general capital assets and general long-term liabilities are part of governmental activities as well. Common examples of governmental activities include general administration, public safety, education, streets and roads, and health and sanitation.

GOVERNMENTAL FINANCE OFFICERS ASSOCIATION (GFOA)

Professional association of state/provincial and local finance officers in the United States and Canada dedicated to the sound management of government financial resources.

GOVERNMENTAL FUNDS

Funds generally used to account for tax-supported activities. There are five different types of governmental funds: general funds, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANT

A contribution by one government unit or funding source to another unit. The contribution is usually made to aid in a specified function (for example, education), but it is sometimes also for general purposes.

HOME RULE CHARTER

Texas cities operate under two different categories of local government: 1) General Law; and Home Rule. Texas law grants General Law cities limited specific authority. Cities under 5,000 in population are required to be General Law cities. Cities over 5,000 in population can adopt a Home Rule Charter which defines the structure, power, duties, and authority of the local government. Rather than looking to state statutes to determine what they may do, as General Law cities must do, Home Rule cities look to their local charters to determine what they may do. A Home Rule city may generally take any action that is not prohibited by the Texas Constitution or statutes as long as the authority is granted in the charter of the city. Home Rule is essentially the privilege of citizens at the grass roots level to manage their own affairs with minimal interference from the State.

INCOME

A term used in proprietary fund-type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

INFRASTRUCTURE

Immovable fixed assets having value only to the governmental unit. Common examples of infrastructure include roads, sidewalks, bridges, and streetlights.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

INTERGOVERNMENTAL REVENUE

Revenue received from another governmental unit for a specific purpose.

INTEREST RATE RISK

Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.

INTERESTED PARTY

People or organizations who may be affected by a situation.

INTERNAL CONTROLS

Processes designed to assure achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, loss prevention, and compliance with laws, regulations, and policies.

INVESTMENTS

Securities and real estate held for production of revenue in the form of interest, dividend, rental, or lease payments. The term does not include fixed assets used in governmental operations.

LEASE/PURCHASE

A financing tool utilized to fund large capital outlays where the city may not have cash immediately available for purchase. This arrangement allows the city to use the item while payments are being made.

LED

LED is an acronym for **Light Emitting Diode**. (See also *LIGHT EMITTING DIODE*.)

LETTER OF TRANSMITTAL

A cover letter from the City's Director of Finance that accompanies the annual comprehensive financial report.

LEVY

To impose taxes or special assessments. The total of taxes or special assessments imposed by a governmental unit.

LIABILITIES

Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.

LIGHT EMITTING DIODE

A two-lead semiconductor light source. Light emitting diodes (LEDs) emit light through the process of electroluminescence when suitable voltage is applied. LEDs have many advantages over traditional incandescent light sources including lower energy consumption, longer lifetime, improved physical robustness, smaller size, and faster switching. LEDs are now used in applications as diverse as aviation lighting, automotive headlamps, advertising, general lighting, traffic signals, street lighting, and camera flashes.

LOCAL GOVERNMENT INVESTMENT POOL

A local government investment pool (LGIP), is a state or local government pool offered to public entities for the investment of public funds. These pools are important investments tools, offering safety with a competitive yield.

LONG-TERM DEBT

Debt with a maturity of more than one year.

LONG-TERM LIABILITIES

Long-term liabilities are financial obligations of a company that become due more than one year.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

LINE ITEM BUDGET

A budget format in which departmental outlays are grouped according to the items that will be purchased with one item or group of items on each line.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The portion of the City's Annual Comprehensive Financial Report in which management addresses the company's performance over the previous twelve months.

MAYOR

The elected head of the City.

MODIFIED ACCRUAL

City of North Richland Hills's governmental funds are budgeted using the modified accrual basis, with revenues recognized when they become measurable. Revenue is "measurable" when the amount of the transaction can be reasonably determined. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred and is expected to be liquidated within 60 days.

MUNICIPAL FACILITIES

City owned structures, mechanicals, and building systems

NET PENSION LIABILITY

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries

NET POSITION

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

NON-BUDGETED FUNDS

Funds for which an annual budget are not legally adopted, as opposed to budgeted funds for which annual budgets are legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees. The resources supporting non-budgeted funds are typically either transfers that were budgeted as expenditures at a budgeted fund or revenues that are restricted by third parties such as grant revenue, donations, or regulated fees.

NON-RECURRING REVENUE

One-time windfall revenue that is budgeted only for one fiscal year.

OPEB

OPEB is an acronym for Other Post-Employment Benefits. (See also *OTHER POSTEMPLOYMENT BENEFITS*.)

OPERATING BUDGET

Plans of current expenditures and the proposed means of financing them.

OPERATING REVENUE

Operating revenue is revenue generated from the City's business activities.

ORDINANCE

A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the City.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Other postemployment benefits (or OPEB) is a term used in the United States to describe the benefits that an employee begins to receive at the start of their retirement. These benefits do not include the pension paid to the retired employee.

OVERLAPPING DEBT

Overlapping debt refers to the financial obligations of one political jurisdiction that also falls partly on a nearby jurisdiction. Overlapping debt is common in most states because states are divided into numerous jurisdictions for different tax purposes, such as building a new public school and building a new road.

PENSION

A regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.

PLANNING AND ZONING COMMISSION

An appointed seven-member board that makes recommendations to City Council regarding the physical development of the City, including the Comprehensive Plan that serves as the basis for the City's zoning regulations. It also reviews and approves applications for subdivision plats and replats.

PROJECTION

A forecast of future trends in the operation of financial activities done through the remainder of the fiscal year to gain a better picture of the City's finances.

PROPERTY TAX

An annual or semi-annual tax paid to one or more governmental jurisdictions based on the real and personal property's assessed valuation and the tax rate, done in compliance with the State Property Tax Code.

PROPERTY TAX RATE

The rate applied to the taxable value of property to determine the property taxes due. The City's property tax rate has two components, the **general tax rate** which generates property tax revenues used to fund operations and the **debt tax rate** which generates property tax revenues used to fund the repayment of debt. Property tax rates are commonly presented as the amount of tax levied for each \$100 of assessed valuation.

PROPRIETARY FUNDS

Funds generally used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds: enterprise funds (used to account for any activity for which a fee is charged to external users for goods or services); and internal service funds (used to account for the provision of goods or services by one department to other departments of a governmental unit). (See *ENTERPRISE FUND*.)

PUBLIC HEARING

A public hearing may be a formal meeting for receiving testimony from the public at large on a local issue, or proposed government action. Testimony from both sides of an issue is usually recorded for public record, and a report summarizing the key points is generated.

RATINGS

Designations used by credit rating agencies to give relative indications of credit quality.

REFERENDUM

The principle or practice of referring measures proposed or passed by a legislative body, head of state, etc., to the vote of the electorate for approval or rejection (plural referenda).

REFUNDING BONDS

Bonds issued to retire bonds already outstanding.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

REPORT OF INDEPENDENT AUDITORS

The report of independent auditors, published in the annual comprehensive financial report, opines on whether the City's basic financial statements comply with generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) is information that a designated accounting standard-setter (e.g., FASB, GASB) requires to accompany the basic financial statements.

RESERVE

An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

RESOLUTION

A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

RESTRICTED NET POSITION

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

RESTRICTED RESOURCES

Restricted resources refer to a reserve of money that can only be used for specific projects or purposes.

UNRESTRICTED RESOURCES

Unrestricted resources refer to a reserve of money that can be used as the City sees fit.

REVENUE

Revenue is (1) an increase in a governmental fund's net current assets from other than expenditure refunds and residual equity or (2) an increase in a proprietary fund's net total assets from other than expense refunds, capital contributions, and residual equity transfers.

ROLLBACK RATE

The highest tax rate an entity may adopt without being subject to a rollback election.

SCADA

SCADA is an acronym for **Supervisory Control and Data Acquisition**. (See also *SUPERVISORY CONTROL AND DATA ACQUISITION*.)

SDBF

SDBF is an acronym for **Supplemental Death Benefits Fund**. (See also *SUPPLEMENTAL DEATH BENEFITS FUND*.)

SERVICE PLANS

Each department within the City has a three-year plan, outlining their strategic priorities for the City.

SPECIAL REVENUE FUND

A Fund used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

STEWARDSHIP

The job of supervising or taking care of something, such as an organization or property.

STRUCTURAL BALANCE

The state at which current revenue sufficiently supports current expenditures.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

SUPERVISORY CONTROL AND DATA ACQUISITION

An industrial computer system that monitors and controls a process. Supervisory control and data acquisition systems (also known as SCADA systems) are used to monitor and control a plant or equipment in industries such as telecommunications, water and waste control, energy, oil and gas refining and transportation. A SCADA system gathers information, such as where a leak on a pipeline has occurred and transfers the information back to a central site. SCADA systems frequently are used to manage processing systems that include geographically disbursed components.

SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)

A cost sharing multiple-employer defined benefit group-term life insurance plan operating by the Texas Municipal Retirement System.

TAX LEVY

The total amount to be raised by general property taxes for intentions specified in the Tax Levy Ordinance.

TAX RATE

The amount of tax levied for each \$100 of assessed valuation.

TAXABLE VALUE

A valuation to which the property tax rate is applied to calculate property taxes. The Taxable value of property is generally equal to the assessed valuation less any qualifying exemptions (such as a homestead exemption).

TAXES

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments, or charges for services rendered, such as sewer service.

TBD

TBD is an acronym for **To Be Determined**.

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

TMRS is a statewide retirement system that provides retirement, disability, and death benefits for employees of participating Texas cities.

TMRS

An acronym for **Texas Municipal Retirement System**. (See also *TEXAS MUNICIPAL RETIREMENT SYSTEM*.)

TORT

A wrongful act or an infringement of a right (other than under contract) leading to civil legal liability.

TRANSFERS

Authorized exchanges of cash or other resources between funds.

UNASSIGNED FUND BALANCE

In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

UNRESTRICTED NET POSITION

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

YIELD

The rate earned on an investment based on the price paid for the investment, the interest earned during the period held, and the selling price or redemption value of the investment.